

EXTENSIONS OF REMARKS

THE NICARAGUAN REVOLUTION

HON. ROBERT J. LAGOMARSINO

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Thursday, February 25, 1982

● Mr. LAGOMARSINO. Mr. Speaker, the Council for Inter-American Security Education Institute has prepared a study describing the evolution of the revolution in Nicaragua. It concludes that the Sandinista regime is nearing completion of the consolidation of a military-oriented Marxist-Leninist dictatorship. The study also describes the reasons why Nicaragua's economy is not working. The text of that study follows. I urge my colleagues to give it their serious consideration.

WHY ISN'T NICARAGUA'S ECONOMY WORKING?

Two and a half years after launching its "era of reconstruction," the Sandinista government appears to have wrought instead an era of economic ruin.

"The national economy is collapsing," wrote the Superior Council of Private Enterprise (COSEP) in an October 19 letter to junta coordinator Daniel Ortega. "Production shows no signs of recuperation. The country is becoming indebted in a spiral that seems endless . . . We are at the doors of the destruction of Nicaragua."

The country already owes almost \$3 billion to foreign creditors, and this debt increases at an average of \$2.5 million a day, according to the Coordinator of Nicaragua's Human Rights Commission, Jose Esteban Gonzalez. He wrote a letter to Ortega on October 17 asking him to explain why the Sandinistas in only two years have incurred "a foreign debt practically equal to the giant indebtedness accumulated by the corrupt Somoza regime in 43 years of systematic pillage."

The nation's trade balance, which stood at a surplus of \$160 million in 1979, plummeted to a \$215 million deficit in 1980. Inflation rages at 35 percent, and the Wall Street Journal says it could hit 50 percent this year. Unemployment stands at 30 percent, and this is sure to worsen if the economy continues to deteriorate.

STATE OF EMERGENCY

So severe is this economic crisis that the government imposed a one-year "state of economic and social emergency" in September, banning strikes and unauthorized price increases, raising import taxes by as much as 100 percent, and threatening imprisonment of up to three years for anyone "arrested on suspicion" of "economic sabotage," which includes the publishing of economic data affecting "state security."

Bankrupt, Nicaragua has become entirely dependent on foreign aid. One Western economist in Managua, quoted in the September 28 issue of *Newsweek*, stated that "Nicaragua has proven to be one of the world's great beggar nations."

The reason: Nicaragua's foreign currency reserves are virtually gone. Even after receiving nearly \$450 million in foreign aid

and outright gifts this year, the country is unable to import vital machinery, basic goods, medicine, spare parts, and other necessities. Julio Cesar, the head of the central bank, admitted in the September 15 Wall Street Journal that Nicaragua will have to find \$750 million abroad to finance its 1982 import bill.

The lack of hard currency is a more immediate crunch for Nicaragua's private business sector. Although the Sandinista government contends that over 60 percent of the gross national product comes from private industries, businessmen and producers report they can't get credit from the central bank with which to produce and conduct business.

"The problem is that the state controls the mechanisms that allow the private sector to operate: the banking, transportation, and foreign exchange systems," said William Baez, Nicaraguan economist and director of the Foundation for Cooperative Development in Nicaragua, in the October 17, *Diario Las Americas*. "If you engage in business transactions and cannot obtain credit, the deal is dead."

COSEP BLAMES GOVERNMENT

According to Nicaraguan business leaders, the Sandinistas' "doctrine of Marxism-Leninism" and their ideological assault upon Nicaragua's private sector are to blame for the country's deepening economic crisis. The Superior Council for Private Enterprise (COSEP) in its October 19 letter to Daniel Ortega accused the government of egregious economic mismanagement. COSEP ascribed the crumbling economy, the spiraling debt, and the social turbulence in Nicaragua to the Sandinistas' "Marxist-Leninist adventure."

The Sandinista government, denouncing the letter as "an outrageous provocation," moved quickly against COSEP. The text of the letter had been revealed in a press conference called by COSEP on October 19. Thirty hours later, around midnight, state security forces arrested four COSEP leaders in their homes for having "violated the economic and social emergency law." Three of them were sentenced to seven months imprisonment on October 30.

Those sent to jail were the President of the Higher Council for Private Enterprise, Enrique Dreyfus; the President of the Chamber of Construction, Benjamin Lanzas; and the President of the Federation of Nicaraguan Professionals, Gilbert Cuadra. Similar prison sentences were handed down to three businessmen who the secret police were unable to capture, and who are said to be in hiding. All six men were signatories of the October 19 COSEP letter.

The regime's anti-free enterprise orientation is also criticized by many of the Nicaraguan businessmen who have fled the country. One of these is Jose Francisco Cardenal, former President of Nicaragua's Chamber of Construction and a long-time opponent of the Somoza dictatorship.

Cardenal said at a July conference in Washington, D.C., that "the economic result of the Sandinista ideological philosophy and its attacks on private enterprise has been the virtual ruin of Nicaragua's economy . . . The Government has continued its policy

destined to strangle and then eliminate private enterprise from the country, and to create in its stead a type of Marxist-Leninist state capitalism."

CONTEMPT FOR BUSINESSMEN

The Sandinistas make no secret of their contempt for Nicaragua's businessmen. Defense Minister Humberto Ortega said in a speech published on August 25 that "we are against the bourgeois," and added that "it has to be clear that the bourgeoisie, which sells out its own country, is here because we want them to be. In any moment, we can take their factories without firing a shot." The Defense Minister later vowed to "hang by the roadside" those businessmen who, among other things, obstruct the government's plan to organize militias within the nation's factories, since this would impede the Sandinistas' efforts against "conspiracy and aggression."

But from the beginning, the Sandinista policy to eliminate private enterprise was made known in something called the "72-hour document," a clandestine Sandinista paper that was circulated among Nicaragua's leading businessmen shortly after the overthrow of Somoza. The paper set forth, according to the February 16 issue of *Time*, the Marxist regime's strategy of tolerating the "private sector only until the government was able to take over the economy and throw out the capitalists."

The Sandinistas' intention to eliminate private enterprise was also revealed by a high-ranking official in Nicaragua's Justice Department, Nevardo Arguello, who defected to the U.S. last February. Arguello had been responsible for enforcing a decree issued by the junta ordering the confiscation of the property of the Somoza family, of persons who had supported Somoza, and of people who had embezzled public funds.

Arguello told the Council for Inter-American Security in an interview on February 26 that he had complained to the Minister of Justice that some of the confiscations were illegal. The Minister admitted that this was true, Arguello said. However, the Minister told Arguello that "the property would not be returned regardless of whether or not the confiscation was legal. He said that the property would be owned by the state." Arguello added, "To justify his argument, the Minister said that private enterprise would soon disappear in any case, and since there would be little private property remaining, the shock would not be as great."

NATIONALIZATIONS

The Sandinistas' anti-capitalist rhetoric has been accompanied by wholesale nationalizations of industries and massive confiscations of private property. Charging the private sector with attempting to undermine Nicaragua's economy by "imposing the power of those who rob and oppress," Daniel Ortega marked the July 19 second anniversary of the Sandinista victory by announcing far-reaching reform laws that threaten most of Nicaragua's private sector with expropriation. A prominent Nicaraguan industrialist, featured in the August 23 *Los Angeles Times*, asserts that "the Sandinistas have already enough laws to confis-

cate 80 percent of the private property of Nicaragua."

None of these confiscated lands, however, have been delivered to the people. Frank Bendana, exiled President of Nicaragua's Union of Coffee Associations and Cooperatives, told the Council for Inter-American Security last July that "ever since the Sandino-Communists have assumed power, they have done nothing more than seize the lands in the name of the people, but these lands still belong to the state . . . In two years, the Sandinistas have not titled a single apple or acre of land to anyone."

The result of the government's open war on Nicaragua's private sector, according to Jose Francisco Cardenal, has been to foment an "overriding fear" in the business community that has "eliminated any planning and investment for the future, and has reduced businessmen . . . to try to avoid worker's takeovers or be branded as 'counter-revolutionary.'"

THREATS AND ACCUSATIONS

Recently, junta member Sergio Ramirez accused the country's private-sector leaders of acting as "puppets of an international conspiracy." The November 3 *Diario Las Americas* reported that Ramirez threatened the leaders of COSEP with the revocation of their Nicaraguan citizenship if they persisted in opposing "the line of the revolution."

Security forces prevented an October 27 special meeting of the COSEP leadership, summoned to discuss the political situation of the country. One of the agenda items was to be the attack by a mob of pro-Sandinista youths on the house of businessman Alfonso Robelo, who is President of the Nicaraguan Democratic Movement.

The Sandinistas' campaign against the private sector has gone so far as to include assassination. Last November, the Vice-President of COSEP, Jorge Salazar, was shot to death by government security forces at a gas station near Managua minutes after Salazar had presided over a COSEP meeting. The government later claimed that Salazar was a "counter-revolutionary." COSEP issued a statement calling the murder "a political crime." The response of the government was to threaten the COSEP leadership with criminal prosecution.

No surprise, then, that some 200,000 businessmen, technicians, and professionals have fled from Nicaragua, draining productive business of capital and talent.

Consequently, business has suffered dramatic decreases in production. Cotton, one of Nicaragua's key export items, is down 20 percent from the previous year's production. Coffee and sugar production are down 30 percent, and chemical and textile output off by 50 percent.

CONCLUSION

Human rights leader Jose Esteban Gonzalez summed up the state of Nicaragua's economy in the remarkable letter he wrote to Daniel Ortega on October 17. Gonzalez, who is Coordinator of the Nicaraguan Human Rights Commission, referred to "the total unwhinging of the economic structure of Nicaragua."

"The disastrous and chaotic economic situation which has been precipitated in the country is characterized by a marked decrease in productivity, the irrational rise in the costs of production, accompanied by the closing of important centers of production and work," Gonzalez wrote. "This is the natural and direct consequence of the disincentivation of the producers, of the arbitrary

confiscations, and of the irresponsible improvisations, of the paralyzing bureaucracy, and, in general, of the programmed, progressive strangulation of the economic sector that is not part of the state."

Increasing number of Nicaraguans are becoming restless and frustrated with the economic mess. To bolster public morale, the government has launched a campaign of rhetoric and propaganda. The September 28 *Newsweek* reported that "one official response to the recent sugar shortage was to put up signs reading 'A Good Revolutionary Uses Less Sugar.'"

The Sandinistas are realizing, however, that slogans can't cure a sick economy.

NICARAGUA'S "GREAT PURGE"

The top Sandinista leadership is apparently carrying out a "purge" which includes persons close to revolutionary hero Eden Pastora. Observers contend that this is a move to eliminate ideologically nonconforming elements from the government and is an important part of "the consolidation of the revolution."

Eden Pastora, known as "Commander Cero," is reputed to be the most popular of all the Sandinistas. He was said during the war against Somoza to represent the Sandinistas' more "moderate" wing. After Somoza's defeat, Pastora was not given a top position in the government, but rather, was made Vice Minister of Defense and Chief of the People's Militia.

Pastora resigned under curious circumstances last July. There have been persistent reports that he departed because of policy conflicts with the new Nicaraguan leadership. Panama's *La Republica* newspaper said on July 9 that Pastora had become alienated from the ranking officials of the Sandinista government "in view of the presence of numerous military observers from Cuba in Nicaragua and the increasing presence of Fidelist and Soviet political units" and that Pastora had been forced to leave Nicaragua.

The Nicaraguan government said that Pastora left a letter of resignation in which he announced that he was "going after the smell of gunpowder in other latitudes." However, the Costa Rican newspaper *Extra* charged on July 17 that Pastora's purported letter of resignation was a fabrication. The newspaper said that Pastora really left after having serious differences with the top hierarchy of the Sandinista revolution. *Extra* charged that Pastora had been ordered executed and predicted that a large-scale purge would break out after the second anniversary of the revolution on July 19.

In an interview entitled "Eden Pastora Escaped from Nicaragua" in the July 26 Venezuelan magazine *Zeta*, Venezuelan reporter Rafael Poleo said: "What Commander Cero did was leave before what happened to Huber Matos and Camilo Cienfuegos happened to him." Matos is the Cuban revolutionary commander who differed with Fidel Castro after Batista's defeat and, as a result, was imprisoned for twenty years. Matos maintains that Cuban revolutionary hero Camilo Cienfuegos was murdered on Castro's orders, because Cienfuegos was not a communist.

The "purge" of Pastora's colleagues began in early September, when the government arrested a dozen men who had fought under Pastora, including Deputy Minister of Foreign Trade Leonel Poveda, on charges that they were plotting against the regime. Poveda had been Pastora's right-hand man on the Southern Front during the revolution . . .

WHERE IS PASTORA NOW?

Pastora's whereabouts remain a mystery. Ariel Remos wrote in Miami's *Diario Las Americas* on October 2 that Pastora was still "under a kind of house arrest in Cuba, on account of disagreements about the almost absolute control of Fidel Castro over the Sandinista government" and that Castro has decided to send Pastora to Chile to lead guerrilla operations there. Pastora was later said to have directed an October guerrilla operation in Colombia, according to military sources. However, this report was later called a "rumor" by Colombia's Minister of Defense.

Iraq's *Tigris* magazine published an exclusive interview with Pastora on November 14 that did not indicate where the interview was given but which included a photograph of Pastora with newsmen against a desert background, suggesting that Pastora could have been in an Arab country. In the interview, Pastora praised the Nicaraguan revolution.

Will Pastora return to Nicaragua? The October 30 Los Angeles Times reported that "Pastora, according to Managua rumors, is planning to challenge the Sandinistas for control of the government."

"Pastora is more middle-of-the-road than the left-leaning Sandinistas who now run the country," the Times noted. "He has a popular following and other advantage: He left before things began to go wrong."

DO THE SANDINISTAS HAVE POPULAR SUPPORT

Only 28 percent of the Nicaraguan people support the Sandinista revolution, according to the first independent public opinion poll taken since the Sandinistas took power in 1979. The poll results were published in *La Prensa* on November 10.

The response of the Sandinistas was to outlaw public opinion polls. The next day, the Council of State approved a law that prohibits the taking of "unauthorized" polls and set the fine at up to \$1,000. The Council is dominated by Sandinistas, who were unable to persuade *La Prensa* not to publish the poll results.●

CRIMINALS MUST PAY FOR USING BULLETPROOF VESTS

HON. MARIO BIAGGI

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Thursday, February 25, 1982

● Mr. BIAGGI. Mr. Speaker, earlier this week I introduced a bill, H.R. 5559, to establish tough new penalties for any person caught wearing a bulletproof vest during the commission of a crime. This measure is in response to increasing reports of criminals using protective body armor to defend themselves against police.

Specifically, this legislation would impose mandatory, minimum penalties for any person wearing a bulletproof vest during the commission of a felony. These penalties of 1 to 10 years for the first offense and 2 to 25 years for the second or subsequent offense, would be in addition to any sentence imposed for the original crime.

By pure coincidence, my bill was introduced on the same day that one of

the FBI's most wanted killers, Joseph "Mad Dog" Sullivan, was arrested near Rochester, N.Y. wearing a bulletproof vest and armed with a stockpile of weapons. I am greatly alarmed that Sullivan, who police say may be responsible for as many as 20 murders, might have been aided in his reign of terror by the security a bulletproof vest provides.

The criminal use of protective body armor poses a very serious danger to society, and particularly to law enforcement personnel. Simply, the vests provided criminals with a second chance to escape, or even worse, a second chance to kill or injure a police officer.

Last year's ill-fated Brink's robbery in Nyack, N.Y., offered tragic proof of this claim. It has been determined that a bulletproof vest worn by one of the robbers during the crime stopped a police bullet, allowing the criminal to return the fire and kill two law enforcement officers before escaping.

Mr. Speaker, as a 23-year veteran of the New York City Police Department, I have seen firsthand that criminals act with virtual impunity. We must do everything possible to fight their efforts, not assist them. Our obligation is to protect society, not the criminal. My bill, H.R. 5559, is clearly consistent with these important beliefs, and I urge that it receive prompt and favorable consideration.

At this time, Mr. Speaker, I wish to insert a New York Daily News article written by Neal Hirschfeld, reporting the capture of Joseph "Mad Dog" Sullivan:

MAD DOG KILLER COLLARED AFTER ATTICA ESCAPE

(By Neal Hirschfeld)

Joseph (Mad Dog) Sullivan—the only man ever to escape from Attica and a suspect in at least seven murders, three assaults and numerous bank robberies—was surprised and captured yesterday by 10 FBI agents as he and his girlfriend strolled out of a motel near Rochester.

Sullivan, 42, was wearing a bulletproof vest and was armed with a .38-caliber revolver and an M-16 automatic rifle. But when the agents moved in, "he just smiled" and surrendered, according to Clinton Van Zant, acting agent in charge of the FBI's Rochester office.

Acting on a tip, the FBI had set up surveillance on the Denonville Inn in Penfield, a Rochester suburb, about 9 a.m. An hour later, they grabbed Sullivan and his girlfriend, Theresa Palmieri, 25, of Avenue X in Brooklyn, as they loaded their belongings in a truck parked outside their room.

Sullivan, of Richmond Hill, Queens, gained notoriety in 1971 by becoming the only man to escape from Attica, a maximum-security correctional facility, where he was serving time on a manslaughter conviction. The escapee, who threw a rope over a wall to make his getaway, had kept himself in shape by running 10 miles and doing 1,000 pushups every day. Sullivan's father, Jeremiah, was a decorated New York City police detective who died in 1951.

Sullivan was wanted for a double homicide in Suffolk County last Dec. 8, the shotgun

assassination in December of a mob-connected Teamsters Union official outside Rochester and a homicide in Manhattan in January. He was indicted for an attempted double homicide in Greenwich Village last June, law enforcement authorities said.

Sullivan was held in lieu of \$500,000 bail at his arraignment yesterday in connection with a \$10,000 bank robbery in Utica. Palmieri was charged with harboring a federal fugitive. ●

FERC PROPOSAL TO RAISE NATURAL GAS PRICES IS UNCONSCIONABLE

HON. BOB WHITTAKER

OF KANSAS

IN THE HOUSE OF REPRESENTATIVES

Thursday, February 25, 1982

● Mr. WHITTAKER. Mr. Speaker, the one issue I have most heard about from my constituents in recent weeks is that of high natural gas bills. To read that the Federal Energy Regulatory Commission is even thinking of proposing to "act administratively" to increase the price of natural gas is therefore unconscionable.

While we can point to the severity of this winter's weather as one of the chief reasons people's bills have doubled or even tripled over a year ago, we must also take a hard look at what effect Federal decontrol of natural gas prices is already having on consumers' bills.

With natural gas shortages what they were some years ago, there was no question but that producers needed increased revenues and incentives to explore for more plentiful reserves. The Congress acted with the Natural Gas Policy Act of 1978 to gradually decontrol natural gas prices and the resulting increase in gas supplies and reserves would indicate that decontrol is working. I have supported this concept and favor a free-market approach.

However, consumers can only pay so much to heat their homes. With a sagging economy, unemployment and high interest rates confronting them, many workers and small businessmen are barely making ends meet as it is, without being hit with natural gas bills double what they have been before. This is troublesome enough to address without the thought of even more rapidly escalating gas prices. And what do you say to the elderly or retired person who can not pay the bill at all or who has to choose between heat or food because their social security or meager pension is not enough to cover the cost of paying for both?

This is not the time for a bureaucratic agency to decide to raise consumers' natural gas bills even higher. As a Member of Congress, I resent this intrusion and outright flaunting of Congress legislative authority and I urge my colleagues to oppose these proposed administrative actions. Con-

gress must, I believe, take a long and hard look at even our present schedule for decontrol. An abundant supply of natural gas will be little consolation to the ever-increasing number of people we represent who will not be able to afford to pay for it. ●

NAFCU AND REGULATORS CONCERNED ABOUT BANKRUPTCY

HON. JOE SKEEN

OF NEW MEXICO

IN THE HOUSE OF REPRESENTATIVES

Thursday, February 25, 1982

● Mr. SKEEN. Mr. Speaker, in recent months many Members of the House have received letters, phone calls and visits from their constituents pointing out inequities which exist under our present bankruptcy laws. I recently was visited in my office here in Washington by Marvin Daniel and Hal Adams who are members of the Sandia Laboratory Federal Credit Union. Sandia Laboratory Federal Credit Union serves more than 10,500 citizens of the State of New Mexico. Mr. Daniel and Mr. Adams had come to Washington to participate in the National Association of Federal Credit Unions' annual Congressional Caucus.

While I was aware of many of the problems confronting lenders under the present bankruptcy law, I found it particularly enlightening to learn how bankruptcy losses affect borrowers and savers as well—not just the lender. For example, when a credit union member receives a discharge in bankruptcy, every member of the credit union must absorb the cost of that loss because credit unions are member-owned cooperatives. That means that responsible credit union members must pay a higher rate on loans in order to cover the loss incurred as a result of bankruptcies. Or the prudent credit union saver receives a lower rate of return on his or her savings in order to cover the loss incurred as a result of bankruptcies. The magnitude of this problem is driven home very forcefully when you realize that 54 percent of our Nation's regulated depository institutions, according to NAFCU, are member-owned credit unions.

What do the Federal financial regulators have to say about this problem? On June 4, 1981 Governor Charles Partee of the Federal Reserve Board and Acting Comptroller of the Currency Charles Lord both testified before the House Banking Subcommittee on General Oversight. In response to questions from subcommittee members both expressed concern with the recent skyrocketing increase in consumer bankruptcies. Governor Partee spoke of "willy-nilly bankruptcies." He described the existing bankruptcy

code as "a very easy law which probably needs a relook by the Congress."

Mr. Lord echoed Governor Partee's comments and spoke of a "quantum jump" in the filing of bankruptcy petitions. He went on to state: "We have to make some assumption that some of that increase presumably and probably is due to the permissiveness of the new bankruptcy law."

I am pleased to be listed as one of the more than 210 cosponsors of H.R. 4786, the Bankruptcy Improvements Act. I urge my colleagues who have not yet done so to cosponsor this constructive piece of legislation designed to strike an equitable balance between the rights and responsibilities of borrowers and lenders. I believe that passage of H.R. 4786 will responsibly resolve the inequities that presently exist under the bankruptcy code, as so well stated by the National Association of Federal Credit Unions, Governor Partee of the Federal Reserve Board, and then Acting Comptroller of the Currency Charles Lord.●

ABUSE OF FOOD STAMP PROGRAM

HON. E. THOMAS COLEMAN

OF MISSOURI

IN THE HOUSE OF REPRESENTATIVES

Thursday, February 25, 1982

● Mr. COLEMAN. Mr. Speaker, I rise today to once again bring a matter concerning the food stamp program to the attention of the Members. You may recall that last year I introduced and the Congress passed a bill to give certain law enforcement authorities to the Department of Agriculture's Office of the Inspector General. I sponsored this legislation because of the growing number of incidents of illegal trafficking in food stamps and to stop the virtual theft of food from the mouths of the poor.

We are not dealing only with the abuse of the system but also with hardened criminals who steal from those truly in need and use food stamps to purchase illegal drugs, guns, and other similar items.

Certain incidents occurred last week that strengthen and reinforce my resolve that changes must take place in the food stamp program and that the criminal element must be removed from the program.

State investigators in Kentucky worked with agents from the Office of the Inspector General on the investigation of an individual who operated a boarding home for children. This individual had been involved in the criminal trafficking of food stamps. With the cooperation of the Office of the Inspector General, the Kentucky investigators arrested this person. His boarding house was a front for a prostitution ring, and he sold a child for

\$6,000 in food stamps and \$1,000 in cash.

This action is reprehensible. It is compounded by the fact that food stamps were used.

The Congress must take action to insure that the money spent on food stamps goes to those people who are in need. We must take steps to get away from the use of paper food coupons and find some other method to deliver assistance to the poor perhaps by some electronic fund transfer system.

One such system is operating as a pilot project in New York City. This is referred to as the electronic payment file transfer system. In this pilot project, recipients of food stamps and public assistance are issued a magnetically encoded photo-identification card. They take this card to a bank where it is entered into a small telephone-like terminal that is connected to the central computer system. A second card is inserted by the bank teller. When both cards are inserted into the system, it prints out a voucher showing the amount of food stamps and public assistance to which the person is eligible. The voucher is signed by the participant, who then leaves with the cash and the food stamps.

Therefore, the authorization to participate (ATP) card is eliminated and food stamps are delivered directly to the eligible person.

Other States also are using computers to improve their administration of the food stamp program. I am hopeful that the number of States can be expanded and that both errors and illegal use of food stamps will be reduced.

Be assured that I will do all that I can to explore alternative means of delivering food assistance to the poor and to make sure that the criminals do not benefit from the food stamp program.●

ADHERE TO THE REAGAN ECONOMIC RECOVERY PROGRAM

HON. EDWARD J. DERWINSKI

OF ILLINOIS

IN THE HOUSE OF REPRESENTATIVES

Thursday, February 25, 1982

● Mr. DERWINSKI. Mr. Speaker, the Aurora, Ill., Beacon-News recently editorialized on the goals of President Reagan's economic policies. Although there has been a great deal of debate over the administration's proposals, it must be stated the President's long-term economic policies have already put us on the road to less inflationary and more rapid economic growth. Regulatory reductions made so far under the Reagan administration have saved billions of dollars. Further efforts to eliminate waste, fraud, and unnecessary spending must be made this year.

I wish to give the Members the benefit of the editorial commentary which appeared in the February 18 edition of the Beacon-News which effectively makes the point that we must stick to the fundamentals of the Reagan economic recovery program and not waver in the face of criticism that overnight miracles have not taken place. The editorial follows:

[From the Aurora (Ill.) Beacon-News, Feb. 18, 1982]

FEDERAL DEFICIT MUST BE PARED

Even as they were packing their bags for the 10-day Washington-Lincoln birthday recess recently, top GOP leaders from Capitol Hill found time for a collective call on President Reagan at the White House. They freely told the media that they went to voice personal alarm over the \$91.5 billion deficit projected for the fiscal '83 budget and to warn Mr. Reagan that Congress won't hold still for it.

But, like many of their Democratic colleagues, these Republicans were long on complaints and short on alternatives. There were no calls for piling on new taxes in an election year or for jeopardizing national security with drastic reductions in defense spending. And no one as much as mentioned entitlements or price supports. Certainly, Sen. Bob Dole didn't offer to help out by cutting off federal funds to Kansas wheat farmers nor did Sen. Jesse Helms suggest an end to subsidies for tobacco farmers in North Carolina.

Amiable as always, the President advised his worried cohorts that Congress would have "running room" and a chance to work down the deficit. Treasury Secretary Donald T. Regan subsequently spelled that out: "Running room," he said, "requires that we define the width of the track, and the Reagan track is not wide enough for tax increases or defense cuts."

Undeterred, and convinced he holds the high ground, Mr. Reagan sent congressmen off with the thought that, when they get home, "they'll find out the real people out there know that government has been costing too much." With recent polls indicating continued public support for his economic program, the President has good reason for not budging on new taxes and his defense buildup.

Still, Mr. Regan has not adequately responded to his critics who blame the enormous new deficits on his increased defense spending and tax cuts. The answer to that, and a convincing one, comes from Martin Feldstein, professor of economics at Harvard University and president of the National Bureau of Economic Research. Dr. Feldstein recently wrote, "... It would be wrong to say that the ... deficit figure is due to a massive cut in personal tax rates. The 25 percent reduction ... will be just about enough to prevent bracket creep from raising the share of income that is taken in taxes. It would also be wrong to say that the prospective deficit is due to a major rise in defense spending since the 7 percent a year real increase ... would raise defense spending only from 5.5 percent of GNP in 1980 to 6.5 percent in 1982."

The Reagan scenario for licking the deficit problem, the seriousness of which is not to be minimized, calls for an economic upturn this spring. Recently, Secretary Regan predicted a strong economic resurgence would soon ease the deficit. He pointed out that an improvement of only one per-

cent in unemployment would shave \$25 billion from the deficit. Indeed, a reassuring hint of this came in late January as the Commerce Department's index of leading indicators rose 0.6 percent after a four-month slide.

If, however, the Reagan gamble does not pan out by summer and the deficit remains, undiminished or enlarged, the administration should fall back on an all-out bipartisan effort to squeeze billions of dollars out of the swollen entitlements programs. It would be premature to pursue this admittedly difficult alternative now, but we are reassured to know that it is there to be excised from the budget if necessary.

One way or another, this deficit must be pared; it must not be accepted as unalterable.●

SYNFUELS SOLDIERS ON

HON. HANK BROWN

OF COLORADO

IN THE HOUSE OF REPRESENTATIVES

Thursday, February 25, 1982

● Mr. BROWN of Colorado. Mr. Speaker, yesterday, the Wall Street Journal carried the following editorial on the Synthetic Fuels Corporation. As the Journal points out, the Synthetic Fuels Corporation is an ill-conceived venture we can ill-afford to keep.

As many of my colleagues know, I have introduced legislation to abolish the Synthetic Fuels Corporation. Some 20 Members of Congress from across the political spectrum have agreed to cosponsor this bill, H.R. 5404. I urge my colleagues to join us in this effort and to carefully review the arguments in behalf of H.R. 5404 in the Wall Street Journal.

SYNFUELS SOLDIERS ON

At a time when the credit markets are overburdened world-wide and the Reagan administration alleges it is looking for places to cut borrowing, a big credit gulper called Synthetic Fuels Corp. is finally nearing its wheeling-dealing stage. It will decide soon how much of a huge federal loan authorization it will commit to private synthetic fuel projects.

Synfuels was a product of the predecontrol energy hysteria of the 1970s, when Congress was coming up with schemes to substitute expensive energy for cheap energy. It rolled out of Congress in 1980 as a new "off-budget" federal entity with authority to ultimately commit \$20 billion in government-backed credit, either by guaranteeing loans for projects or guaranteeing that synthetic fuels developers would be able to charge competitive prices.

The "off-budget" description was, however, largely a fiction. The funds for carrying out the corporation's activities come from purchases by the U.S. Treasury of the corporation's notes, and these payments are part of the federal budget. If Synfuels found itself ponying up a lot of cash to cover a failed loan or subsidize an uneconomic plant, the taxpayer would get the bill.

Even if that were not the case, the corporation's guarantee authority, which will total \$15 billion by July 1 this year, is

simply another form of credit market distortion. The energy "crisis" was solved by decontrolling oil and any remaining future risks will be further reduced by natural gas decontrol. But when Synfuels goes ahead with its plans, new preferred borrowers will be entering the credit markets to raise money to add to the energy glut.

Currently there are 11 projects that have survived the corporation's initial screening. Six are in the South and five in the West. More are distinguished by high capital costs for plants that would produce relatively small amounts of fuel.

They will need government guarantees because their backers don't think they could be financed successfully otherwise. We would guess that they are right about that, now that relative energy prices are falling. Price guarantees, in particular, would be a good way for Synfuels to insure that the taxpayers will ultimately end up paying part of the cost of this fuel. Synfuels almost certainly will face some other problems down the line. With such juicy plums to distribute, it will be open to charges of political favoritism and, possible, conflicts of interest.

Congress never likes to admit it made a mistake, particularly a \$20 billion mistake. So the political inclination has been to let Synfuels plod along quietly toward the day when it will start issuing reserved seats in the credit market. After all, it was officially described in the act as an "off-budget" federal agency so why should any budget cutter worry?

There are two good reasons: The only synthetic fuel plants we need are the ones that make economic sense; the Synfuels-backed borrowing will crowd out other projects that have a more legitimate claim to credit on the basis of genuine economic feasibility and need.●

THE RED CROSS

HON. VIC FAZIO

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Thursday, February 25, 1982

● Mr. FAZIO. Mr. Speaker, we are aware, I am sure, of the wonderful work of the American Red Cross in this country and abroad in times of conflict or natural disaster. We have come to expect its response to the needs of others so much that we would be shocked if it failed to respond. For years we have witnessed in silence its countless acts of mercy to millions of Americans.

I feel, Mr. Speaker, that this is one time when we must commend this fine organization for its immediate response in the recent disastrous rains and floods which swept through eight counties in northern California. In my own district in Solano County the work of Red Cross volunteers and staff was magnificent as they responded to the needs of flood victims. Within a few short hours the Red Cross had opened five shelters in the county to accommodate an estimated 1,200 people driven from their homes by the flood waters. The names of Red Cross workers who deserve recognition are

too numerous to mention lest we neglect a single one. Suffice it to say, the Red Cross was there when it was needed, and is still on the job assisting families with the difficult and sometimes emotional job of putting their lives back together.●

SUBVERSIVE ELEMENTS IN EL SALVADOR

HON. ROBERT J. LAGOMARSINO

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Thursday, February 25, 1982

● Mr. LAGOMARSINO. Mr. Speaker, a recent editorial in a San Salvador daily newspaper describes the battle in El Salvador as not being "Salvadoran." The editorial urges critics to recognize that subversive elements are continuously smuggling arms, ammunition, and specialized guerrillas into El Salvador from Cuba through Nicaragua. The editorial suggests that if U.S. Democratic Senators want to stop economic and military aid to El Salvador then they should organize a safety belt to stop the flow of clandestine arms and men to that country.

I urge my colleagues to consider the appeal made by this Salvadoran source.

U.S. POLITICAL OPPOSITION TO AID DRAWS CRITICISM

Washington's political circles, especially Democratic circles, are putting up continuous strong resistance to anything that has to do with military or economic aid to El Salvador. They consider such aid a way of feeding and prolonging the civil war without taking into consideration the factors that have caused the problem, most of them foreign to the will of the Salvadorans.

By this we mean that there is no way to help or alleviate us, because those who supported and promoted subversion achieved their objective; they have destroyed everything. This should be known beyond our borders by those who think that our problems are going to be solved with donations. What could save us is to have peace—not a negotiated peace, as some want, but peace based on the conviction that it is already an enormous stupidity to continue this work of death. We need to have peace to resume the interrupted path, and this is what seems impossible.

This battle, U.S. Democrats, is the battle of all America; the battle of Canada, of the United States, of all Latin America. If we lose it, El Salvador will not lose it, because all of Central America will fall, including Panama, which sometimes flirts with Cuba. Colombia, Venezuela, the Caribbean and the rest of the America down to the Southern Cone will also fall.

The United States should know this very well. President Ronald Reagan, U.S. Secretary of State Alexander Haig and other government officials know this, and that is why they are trying to help this government. They are not trying to help us because we are their favorite children. They are doing it because we serve as a containing wall.

They know that if the battle of El Salvador is lost, all of Central America will be lost.

It is time we understood this well and said it aloud. Do the Democratic senators want to stop economic and military aid to El Salvador?

Then organize a safety belt in the Caribbean, as was done time ago, to stop the flow of arms, ammunition and specialized guerrillas from Cuba to Nicaragua and from Nicaragua to El Salvador. This would put an end to subversion in El Salvador, because the flow of arms and ammunition is continuous. It has been proven how these arms and ammunition are smuggled into the country through different routes; by clandestine planes; on barges crossing the Gulf of Fonseca; by helicopters. It would be necessary to have a highly efficient radar network to detect the invaders.

The guerrilla tactic of being on the offensive constantly in the eastern part of the country, especially near the Gulf of Fonseca, is to make sure the flow of arms, ammunition and men. This is the truth, and U.S. politicians should know it so that they do not obstruct aid to El Salvador.●

EMIGRATION FOR SOVIET JEWS SHOWS ALARMING DECLINE

HON. MARIO BIAGGI

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Thursday, February 25, 1982

● **Mr. BIAGGI.** Mr. Speaker, over the past 2 years, emigration from the Soviet Union has decreased dramatically. I know that many of my colleagues share my concern over the decrease in numbers of Soviet Jews allowed to emigrate as well as the Soviet Government's total disregard for the basic human rights of those individuals who have applied to emigrate.

Currently, there are 500,000 applications from Soviet citizens wishing to emigrate awaiting positive action by the Soviet Government. Unfortunately, in today's political climate, the outlook for these people is not positive. To make matters worse, the Soviets continue to harass, jail and internally exile many individuals solely because they have filed applications for emigration. Valery Pilnikov and Dr. Viktor Brailovsky are two men among the many Soviet citizens who have chosen to exercise their right to emigrate and have met with the Soviet Government's fiercest resistance.

I have sent the enclosed letter to Soviet President Brezhnev voicing my disappointment with the Soviet Government's refusal to allow its citizens to emigrate and its treatment of Dr. Brailovsky and Valery Pilnikov. I urge my colleagues to take similar actions in order to let the Soviets know that we are aware of their inhumane actions and that we are vitally concerned over the plight of Soviet citizens wishing to emigrate.

CONGRESS OF THE UNITED STATES,
HOUSE OF REPRESENTATIVES,
Washington, D.C., February 23, 1982.

HON. LEONID BREZHNEV,

The Kremlin, Moscow, RSFSR, U.S.S.R.

DEAR PRESIDENT BREZHNEV: I am writing to you to voice my disappointment with the continuing decrease in the numbers of Soviet citizens who have been allowed to emigrate over the last several years. As you know in 1979, 51,320 Soviet Jews were allowed to leave the Soviet Union. This exodus showed the free world that your government was sensitive to the rights of individuals to emigrate.

In 1981, however, only 9,447 Soviet Jews were allowed to emigrate. The decrease in the numbers of individuals allowed to emigrate has been of great concern to me and to many of my colleagues in Congress. I urge you to take steps to allow those 500,000 Jews who have applied to emigrate to leave the Soviet Union. By taking such action, your government will again show the free world your concern for the rights of individuals.

The cases of Valery Pilnikov and Dr. Viktor Brailovsky have again come to my personal attention. Both men are serving five-year sentences because of their efforts to emigrate and their protests to the Soviet Government when their applications for visas were denied. Dr. Brailovsky is serving his sentence in internal exile; Valery Pilnikov is at the Lukyanovka Prison in Kiev. I appeal to you to have both men released and allow them to emigrate with their families.

With kind regards, I am,

Sincerely,

MARIO BIAGGI,
Member of Congress.●

LEV OVSISCHER

HON. JOHN EDWARD PORTER

OF ILLINOIS

IN THE HOUSE OF REPRESENTATIVES

Thursday, February 25, 1982

● **Mr. PORTER.** Mr. Speaker, I rise in protest of the Soviet mistreatment of Lev Ovsischer and other Soviet refuseniks, and to put the Soviet Union on notice once again that the Congress is deeply concerned with their continued violations of the Human Rights and Fundamental Freedoms section of the Helsinki Final Act of the Conference on Security and Cooperation in Europe.

On March 5, 1982—the 39th anniversary of the mass murder of 5,000 Jews by Nazis in the Soviet city of Minsk—families from five countries will take special notice of the 11 years which have elapsed since Lev Ovsischer and his wife, Nadya, first applied for an exit visa to emigrate to Israel from Minsk.

Colonel Lev Ovsischer, a pilot during World War II, commanded a squadron of fighter bombers and received 16 medals, including the Soviet Union's highest military decoration. Colonel Ovsischer retired from army service in 1961.

Since his application for an exit visa 10 years later Ovsischer has been con-

tinually harassed by the KGB, stripped of his military rank and deprived of his pension. His telephone has been disconnected, and correspondence does not reach him.

The official reason given for refusing his visa application by the Soviets is that Ovsischer possesses military secrets. Since 20 years have elapsed since he was in the army, this excuse appears invalid.

In 1973, Ovsischer was put on trial for 6 months. His family has been threatened with physical violence and he and his wife continue to suffer persecution and the greatest of economic and personal difficulties. However, they do not despair. They live with the hope that one day they will be allowed to return to their spiritual homeland where they may live freely as Jews.

Mr. Speaker, the Soviets' denial of emigration privileges to the Ovsischer family to be united with their daughter who now lives in Israel is a blatant violation of the family reunification provision of the Helsinki Final Act of the Conference on Security and Cooperation in Europe, to which they are a signatory.

Unfortunately, this is not an isolated case. It is time for the Soviets to end the continued persecution of Soviet refuseniks. The Congress has the responsibility to bring before the world the torture that Jews have experienced at the hands of the Soviet Government and bring to bear every possible effort to release them from its tyranny.●

A TRIBUTE TO THE CALIFORNIA HOME FOR AGED DEAF

HON. JOHN H. ROUSSELOT

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Thursday, February 25, 1982

● **Mr. ROUSSELOT.** Mr. Speaker, let me bring to the attention of my colleagues a very special celebration occurring in my California district during the week of May 16-22, 1982: the 30th anniversary of the founding of the California Home for Aged Deaf, located in Arcadia, Calif.

As a lifelong resident of that district and its representative in this Chamber, I am especially proud to join with my constituents as we reflect on this organization's unique position in the State.

The California Home for Aged Deaf, established in 1952, is a nonprofit organization that is owned and operated by the California Association of the Deaf. It is one of five such homes for the hearing-impaired elderly in the Nation—the only home in California.

Built and operated with no Federal or State financial assistance, the Cali-

California Home for Aged Deaf is a testimony to what motivated individuals are able to accomplish and maintain through their own efforts. The home attempts to cope with the special needs of the deaf by providing a home-like environment that is free of barriers to communication. And their striving has paid off. The home has more going for it than its self-sufficiency. It is a place of warmth and happiness for all who enter.

We in southern California are very proud of the fine achievements and contributions that the Home for Aged Deaf has made to the community. I hold them up as an example for similar organizations around the country as a noble experiment that worked.●

JUSTICE AND PEACE COMMISSION CALL FOR NEGOTIATED SETTLEMENT IN EL SALVADOR

HON. BARNEY FRANK

OF MASSACHUSETTS

IN THE HOUSE OF REPRESENTATIVES

Thursday, February 25, 1982

● Mr. FRANK. Mr. Speaker, one of the very first communications I received as a Member of Congress was an eloquent statement from the Justice and Peace Commission of the Archdiocese of Boston pointing out the grave error the United States was making by allying itself militarily with the junta in control of El Salvador.

Drawing on the firsthand experience of the many religious and lay people working under the auspices of the Roman Catholic Church on behalf of the best interests of the people of El Salvador, the Justice and Peace Commission of the Boston Archdiocese has continued to be an accurate, cogent, and thoughtful source of counsel for many of us on the situation in El Salvador.

Last week, that commission issued a very well-reasoned critique of President Reagan's decision to continue military aid to El Salvador. Further, the commission added its voice once again to the list of those calling for the American Government to abandon our current mistaken policy and to work instead for a negotiated settlement to this civil war. I commend their analysis to my colleagues' attention.

The statement follows:

JUSTICE AND PEACE COMMISSION,
ARCHDIOCESE OF BOSTON,
Boston, Mass., February 5, 1982.

Representative BARNEY FRANK,
Longworth House Office Building,
Washington, D.C.

DEAR REPRESENTATIVE BARNEY: On December 29, 1981, the Congress of the United States, in approving the 1982 Foreign Assistance Act, attached conditions to be fulfilled before the aid could be transferred. On January 28, 1982 President Ronald Reagan signed a certification that these conditions had been met satisfactorily.

The Boston Archdiocesan Justice and Peace Commission wishes to inform you of its great concern over this certification, and to request that you undertake appropriate actions to fulfill the intent of the legislation.

We believe that Mr. Reagan's certification was based upon erroneous information. This certification, therefore, exposes the President and the Government of the United States to international derision for its acceptance of blatant injustice, and for its inability to insist that the recipient of its aid fulfill even minimal conditions mandated by the Congressional legislation.

We recognize that there exists strong disagreement within Congress over the policy being followed in support of the present government in El Salvador. Given the United States' commitment to support the military-civilian government, these conditions represent a compromise permitting the fulfillment of that commitment, but also requiring that the aid be used to further a just and stable political climate in El Salvador.

Mr. Reagan's pro forma certification, made in the face of extensive responsible evidence contradicting his decision, is unacceptable for the following reasons: it appears to us to ignore the intention of the Foreign Assistance Act; it undermines the potential offered by the conditions, to require the Salvadoran government to undertake a genuine reform; it intimately involves the United States in the responsibility for war crimes practiced upon the civilian population by El Salvador's own Armed Forces.

We express our anguish over Mr. Reagan's decision, and we communicate to you our growing fear that this decision suggests not merely mistaken information or legitimate partisan disagreement, but rather a deep cynicism about the abuses of power.

On February 2, 1982, Congressman Studds introduced legislation declaring the certification null and void. We request that you co-sponsor this legislation. We will appreciate your response to this request.

The Administration's representatives have expressed their belief that the opposition forces have increased their assault in order to prevent the elections for a Constituent assembly scheduled for March 28. We point out that the leaders of the opposition coalition, the Democratic Revolutionary Front including past members of the El Salvador government and of respected political parties, have indicated their eagerness to participate in a negotiated political settlement with the present El Salvador government and with the United States, and their desire to permit an election which does not take place in the climate of a terrorized electorate. President Duarte himself has admitted that several hundred officeholders of the Christian Democratic Party in municipal and provincial posts, have been assassinated by members of the Armed Forces. Archbishop Rivera y Damas has formally stated that while elections are desirable, past elections have always been fraudulent.

We request that you sponsor legislation calling for a negotiated settlement and for internationally-supervised elections with the participation of all representative political groups in El Salvador.

We request that the United States Congress recognize the existence of a civil war within El Salvador until such a negotiated settlement is reached. This requires that political asylum as refugees be granted to Salvadoran refugees in the United States, in fulfillment of the United States Refugee Assistance Act of 1980.

We note with great alarm Ambassador Hinton's statement last week that perhaps only a military solution is possible. We note with great alarm Deputy Secretary of State Ender's statement before congressional subcommittees that without additional military aid, the military-civilian government would fall.

We believe additional military aid can only mean that de facto, that government is only a proxy of the United States. The power of United States' foreign assistance at this very time can be used to insist upon a just negotiated settlement. We urge you to act upon this potential, rather than to prolong the process of escalating viciousness of this civil war.

Sincerely,

Rev. MICHAEL F. GRODEN.●

ANOTHER VIEW OF REAGANOMICS

HON. THOMAS J. DOWNEY

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Thursday, February 25, 1982

● Mr. DOWNEY. Mr. Speaker, I thought my colleagues would be interested in how one 17-year-old in my district views Reaganomics as expressed to Newsday:

SHORTCHANGING AMERICA'S FUTURE

[By Mary Vaccaro]

WEST BABYLON, N.Y.—The other evening, I sat in front of a television set and watched a man tell me about my country. I examined his furrowed face and heard his cogent voice. Defense spending, urban renewal projects, American heroes. My mind wandered.

I am 17 years old and I would like to know why President Reagan is making drastic cuts in federal student financial aid. Can't he see that there are many people, 17-year-old people, who need that money?

I am 17 years old and I want to go to college to learn, to do, to become. A college education requires, however, a great deal of money. My parents have saved. My father's hands have grown worn and calloused from work—hard, manual work that the President will never know. My mother's eyes have grown weak from pulling miles of thread through countless needles. Rough hands and half-blind eyes have saved, but how can I take all from them?

I am 17 years old and I need help. I am filing numerous financial aid questionnaires and scholarship forms, but I am told not to expect much. The proposed student aid cuts will hurt, I am told.

I am 17 years old and I don't know much about politics. Nevertheless, I feel money is better invested in the leaders of tomorrow than in gold-rimmed china or superfluous nuclear bombs. I am not denying the need for increased defense spending, but I contend that there is still another need—for a concerned and informed populace of the future. Seventeen-year-olds grow up and decide the fate of the nation and the world. They decide whether to use those nuclear bombs.

What could I possibly know about economics and justice? I am only 17.●

THE 25TH ANNIVERSARY OF
HARTFORD UNIVERSITY

HON. BARBARA B. KENNELLY

OF CONNECTICUT
IN THE HOUSE OF REPRESENTATIVES
Thursday, February 25, 1982

● Mrs. KENNELLY. Mr. Speaker, as a new Member of this distinguished body, I regard it as my duty to inform you of those developments within my district that have a nationwide significance. On occasion, these developments, especially in our troubled times, may not be happy ones. But on this occasion, it is very happy indeed.

The University of Hartford is celebrating its 25th charter anniversary year. Though some of the schools that make up the university go back to the 19th century, it was on February 21, 1957, that Gov. Abraham Ribicoff signed the charter that officially brought the university into existence.

As things turned out, the University of Hartford was born at a significant time in the history of American higher education. Though no one could have guessed it at the time, the late fifties were the last moment at which colleges and universities could feel comfortable, stable, and secure. Within a decade of the University of Hartford's birth, the Nation was to be plunged once again into war abroad and turmoil at home. A decade later, with the Vietnam War at an end, the Nation's institutions of higher education were forced to confront the challenges of inflation, monetary crisis, high interest rates, and reduced enrollment. Today, they must cope with shifts in Federal policy that strike directly—sometimes savagely—at their budgets.

Under these tumultuous circumstances, it would be honorable to be able to say that the University of Hartford has survived. It is, after all, an independent university that cannot look to taxpayer subsidies in the event of a fiscal crisis. What I have to report to you, though, is not only honorable, but pleasurable. The University of Hartford, in these lean and difficult years, has not only survived but flourished.

At the time of its birth, the university consisted of three schools. It has now grown to a total of eight. Only a few years ago, its annual budgetary expenditures came to \$17 million. Today, they stand at \$40 million. And better yet, those \$40 million are being spent in well-directed ways that benefit the city of Hartford, the State of Connecticut, and the Nation as a whole.

Some of the credit for this remarkable state of affairs goes to the university's president, Mr. Stephen Joel Trachtenberg, whose growing reputation as an educator of vision and dynamic energy is certainly well de-

EXTENSIONS OF REMARKS

served. Some of the credit goes to the new breed of academic administrator he has brought into the university since he took office in 1977—individuals who represent the finest American tradition of "can do" optimism and commitment. Much of the credit goes to a faculty that has always shown a high degree of devotion to its students and its research. And all of the credit goes to the university as a whole—a center of accomplishment that suggests just how valuable universities can be at a difficult time in American history.

The fact is that we are seeing one of the most momentous changes ever imposed on the political, social, and economic fabric of this country. Cities, States, and regions are being thrown back on their own resources to an extent that only 10 or 15 years ago would have seemed inconceivable. The daily papers tell us of conditions uncomfortably reminiscent of the Great Depression, as tens of thousands of Americans begin to migrate in search of employment—and sometimes find an uncertain reaction in the areas to which they have migrated.

Each of us seated in this Chamber feels the same anxiety. None of us is automatically exempt from the dangers and fluctuations of the international economy. Each of us fears that his or her district—indeed, his or her State or region—could go down the drain. Each of us knows that the helping hand from Washington is no longer extended with its former generosity.

Under these circumstances, our universities may have a new kind of duty to perform. They are centers of intelligence. And intelligence, on a local and regional level, is exactly what we need if we are to survive these difficult years that are now upon us.

The University of Hartford, I am proud to say, is a center of intelligence of this kind. It is reaching out to the community—to government, business, and private individuals—and is asking, in effect: "Can we be of help?"

An attitude like that, I hope, will prove infectious. Other colleges and universities will begin to understand that crisis and opportunity are two words for the same phenomenon.

Meanwhile, it is my pleasure to use this forum in order to wish the University of Hartford a very happy 25th charter anniversary year. I hope you will join me in extending to the university our appreciation and our admiration for a valuable and continuing contribution to American life.●

February 25, 1982

OVERDUE POLISH LOAN

HON. EDWARD J. DERWINSKI

OF ILLINOIS
IN THE HOUSE OF REPRESENTATIVES
Thursday, February 25, 1982

● Mr. DERWINSKI. Mr. Speaker, the lead editorial in the February 17 Joliet, Ill., Herald-News discussed the debate on the overdue Polish loan debt owed to U.S. banks. The administration's decision to cover these loans was, I believe, a grave misjudgment by U.S. policymakers. The administration is giving conflicting signals to the countries of the West, to the generals in Warsaw, and to the Communist tyrants in Moscow by removing the pressure on the martial law regime in Poland and altering the normal loan guarantee requirements.

As the Herald-News editorial very effectively makes these points, I wish to direct the attention of the Members to it at this time as I completely subscribe to the views expressed:

[From the Herald-News, Feb. 17, 1982]

WHY NOT DEFAULT POLISH LOANS?

The Reagan administration isn't making a good case for its action in the matter of the Polish loans.

Critics ask:

"Why should we bail out Poland's military dictators by paying \$71 million in taxpayers' money to Wall Street bankers for Polish loans that are overdue?"

"Why not simply declare the loans in default, let the bankers take their lumps and make the Soviet Union suffer for the way in which the Kremlin has masterminded the repression of the Solidarity labor movement in Poland?"

In answer, Assistant Treasury Secretary Marc Leland says:

"The president has decided that maximum pressure can be put on Poland by insisting on repayment rather than declaring a default now."

Perhaps, but it's a weak argument. A stronger case for the Reagan action can be made, as follows.

If we declare the loans in default, the government will have to pay the bankers anyway. The loans were guaranteed by the Agriculture Department's Commodity Credit Corp. in order to promote grain sales abroad and help our wheat farmers.

Declaring a creditor nation like Poland in default is like throwing a person or firm into bankruptcy. All of the creditors then line up for some kind of a settlement, which is usually less than 100 cents on the dollar. But if the creditors can work together with the debtor individual or firm, there may be some chance of full, if delayed, recovery. It is the same with Poland. And we are not the only creditors or the biggest creditors.

Loans to Poland were made by our European allies, notably West Germany, in amounts much greater in proportion to their economy than our \$1.6 billion in Polish loans is to our economy. If they wish to join us in declaring Poland in default, well and good. But if we take precipitant action, it could jeopardize their chance for recovery and do damage not only to the European economy but to the Atlantic alliance.

Poland has been under the Russian thumb since World War II. The Red army assumed control of the areas in occupied Eastern Europe at that time and has never withdrawn, except from Austria in 1955. Trying to liberate Poland is a worthwhile cause, but not one that has much chance for immediate success. Meanwhile, maintaining the Atlantic alliance is essential to the defense of Western Europe.

These are points that have not even been mentioned, as far as we know, by the Reagan administration. It seems likely that they were major considerations when the decision was made to repay the \$71 million in overdue loans.

The decision also seems to have been taken in an irregular manner, not following established procedures. And it was not announced in the regular way, which would have allowed time for public comment. This was unfortunate.

The decision is defensible on the basis that the future of the Atlantic alliance is more important to us in the long run than any instant satisfaction we may derive from lambasting, at one blow, both the Wall Street bankers and the old men in the Kremlin.

The Reagan administration made a prudent and realistic foreign policy decision when it decided not to default the Polish loans at this time. But it seems to be embarrassed by its own pragmatism.●

FEDERAL ROLE FOR LIBRARIES MUST BE MAINTAINED

HON. MARIO BIAGGI

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Thursday, February 25, 1982

● Mr. BIAGGI. Mr. Speaker, the essential role of libraries in educating our population is undeniable. The importance of the Federal Government in funding libraries is a less well-known fact. Under the proposed budget for fiscal year 1983, Federal support for libraries will be entirely eliminated. As an original cosponsor of the Library Services and Construction Act, which provides this aid, I am adamantly opposed to these cuts. The devastating implications of such a sweeping action can be illustrated by examining the impact of a 4-percent cut in Federal spending imposed by the continuing resolution for the fiscal year 1982 budget.

In my State of New York, recent projections for fiscal year 1982 estimate that a 4-percent reduction in Federal aid to libraries is resulting in a 52-percent cut in services offered by the New York Public Library System. These cuts threaten to eliminate or seriously curtail library programs which provide self-help services to users. Unexpected reductions have resulted from the Federal Library Services and Construction Act title I (LSCA I) funds, authorized by Congress being held up by order of the U.S. Office of Management and Budget (OMB). I am pleased to report that, thanks to the collective efforts of the Education and

Labor Committee, OMB has been put on notice to release these funds or be found in violation of the law.

The New York Public Library's Job Information Service, which serves 200 to 300 job hunters a day, is an example of a program endangered by the proposed elimination of the LSCA I. Other service to be terminated by this action include Outreach projects which provide services to disadvantaged ethnic groups as well as foreign language materials and literacy programs. The Queens Borough Public Library testifies to the devastating effect of a 55-percent funding reduction. They are haunted by a 300-person waiting list. The learning advisory service, providing educational and career guidance for adult and teenage independent learners, is also threatened by reductions. The Community Information Service/Directory, which offers an updated file of information on citywide services to every neighborhood branch, is, according to the fiscal year 1983 budget, doomed for destruction.

The proposed withdrawal of Federal support for libraries for fiscal year 1983 will mean the end of necessary funding for these and other valuable services. The Federal Government will be terminating many important low-cost programs, vital to college libraries. These services include research funds, which allow schools to pursue scholarly research projects, as well as training and development programs which encourage minority students to study library sciences. Another program to be crushed by impending cuts is one which allows small schools to purchase up to \$2,000 worth of books and materials. In many cases these grants permit colleges to maintain their accreditation.

Under the proposed budget, the administration will also be denying funding to the National Library Information Service which provides for the instant linkage of thousands of libraries throughout the country. The potential of this resource for business, industry, and education is enormous. Its loss would be devastating.

As New York's senior member of the House Education and Labor Committee, I strongly oppose the Federal Government's abandoning of public libraries. As I have witnessed in New York, Federal funds to libraries provide many necessary and often low-cost services to numerous sectors of the population, especially those whose access to knowledge is most constricted. I urge my colleagues to join me in my efforts to restore Federal funding to public libraries.●

COMMENTS ON THE STATE OF THE UNION MESSAGE AND THE RELEASE OF GENERAL DOZIER

HON. ROBERT J. LAGOMARSINO

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Thursday, February 25, 1982

● Mr. LAGOMARSINO. Mr. Speaker, a Hearst newspaper editor's report recently commented on the state of the Union message and on the release of Gen. James L. Dozier. I would like to bring it to the attention of my colleagues.

The report points out President Reagan's concern in helping the poor and underprivileged. By shifting some programs to the State level, Mr. Reagan hopes to establish a more efficient and humane system for the distribution of these services.

I would also like to extend my congratulations to General Dozier for his release from the Red Brigade terrorists, and to praise the Italian Government for their excellent efforts in freeing him.

The text of the report is as follows:

[From the Hearst Newspapers, Jan. 31, 1982]

PRAISE TO A GENERAL AND A PRESIDENT

(By William Randolph Hearst, Jr.)

NEW YORK.—Certainly the most important news of the week was the president's State of the Union message. But the most unanimously welcome news was the release of General James L. Dozier from the bloody hands of the Red Brigades in Italy. The president, the armed forces and the State Department, led by the Dozier family I am sure, are particularly grateful to the Italian National Police and their specialized group known as the Operational Central Security Nucleus (NOCS) for their diligence and determination in freeing General Dozier.

It was the first successful rescue of an international figure performed by the forces of law and order over the well-organized terrorists on the European continent. The former prime minister of Italy, Aldo Moro, was snatched in much the same manner a few years ago and was found dead in the back of a van in downtown Rome.

Perhaps our administration can see its way clear to give a special award to the NOCS for their successful search for and safe release of the general.

Received by less than the unanimous acclaim noted above was the president's State of the Union message. It was a recounting of his administration's successes in 1981 and a challenge to Congress to cooperate in new programs in 1982.

The president was careful to point out that the past year's accomplishments were not Reagan-made alone, but the result of "a new spirit of partnership between this Congress and this administration."

Dividends included the cutting of government spending increases nearly in half. He took rightful satisfaction in pointing to the largest tax reductions in half a century, "sweeping changes" in the tax structure, and halting the growth of federal regulations. Waste in government was reduced.

The president was not complacent about the state of the union he and the Congress had helped to change, but cited those achievements merely as foundations on which to build in the future. He urged progress toward a "New Federalism" or the transfer of many federal programs to state and local governments.

He hopes to shift the administration of \$47 billion worth of social projects from Washington to the states. Two of those, and they are most controversial, are food stamps and payments to poor families with dependent children.

President Reagan has been accused of turning his back on the poor, but this simply is not true. He has said clearly, and many times, that a key mission of his administration is to help the poor and underprivileged, but he wants to do it better than it is being done now.

The financial health of our nation is at stake. While not everyone agrees with the Reagan methods of keeping us healthy, everyone will agree with his goal, which is maintaining the solvency of the United States. He has a plan to achieve that goal, which is more than can be said for his opposition.

Put starkly and simply, if the U.S. goes bankrupt, the rest of the civilized world goes down the drain with us. It would be an incalculable disaster, like the malevolent descent of the dark ages. Communist regimes, led by the Soviet Union, would pick over the resulting wreckage and establish new satellites even where others have already—like hapless Poland—been mired in economic catastrophe without hope for the future.

It's up to us in America, as the president told the nation in his program, to lead the way back from the brink of chaos. As a communicator, he was at his succinct best as he urged elimination of the excessive burden the federal government has placed on fellow citizens, asserting:

"Our citizens feel they have lost control of even the most basic decisions made about essential services of government, such as schools, welfare, roads and even garbage collection."

The president insisted that we must preserve a strong America since a solvent nation is the keystone to security. Waste, alas, has often been associated with military spending as we have witnessed both in war and peace. A government bureaucracy has built-in waste and we don't want a habit like that to go unchecked whether it's the Pentagon or any other big, remaining federal institution gobbling up taxpayers' megabucks. Ronald Reagan isn't wasting any time going to the people to reduce the size of the federal government swollen to gargantuan size by decades of adding to the payroll.

Sticking to his guns by keeping a lid on taxes, the president was distinctly upbeat in his persuasions. His critics and partisan political opposition found Mr. Reagan's State of the Union message a difficult act to follow. It may well be, to my way of thinking, that they didn't have their own act together.

The Democrats, for instance, had about two dozen luminaries talking against the Reagan proposals. But—and this is important to bear in mind—they didn't come up with one cohesive program to offer as an alternative. That has been their deficiency since the president took office and steamrollered major economic policies through the Congress when they appeared to have scant chance of success.

Democratic U.S. Senator Bill Bradley referred to the president's speech as "an interesting diversion"—most of his colleagues glumly described the effort as "powerful and attractive." On the whole, the criticism was strictly negative; nothing positive or a real chance for a choice. There will be months of debate in the Congress and the 50 states ahead. So, let's give President Reagan his due and see what happens after he goes to the people. ●

DEFENSE SPENDING: AN EXERCISE IN MADNESS

HON. BARNEY FRANK

OF MASSACHUSETTS

IN THE HOUSE OF REPRESENTATIVES

Thursday, February 25, 1982

● Mr. FRANK. Mr. Speaker, Scott Burns is a very thoughtful and informative financial columnist for the Boston Herald American. His column is an important and reliable source of financial information for the many readers of that newspaper. In addition to the specific, useful information he provides to Herald American readers, Mr. Burns is also a thoughtful student of the American economy. He does not allow ideological labels to tell him what he should think. He writes his columns based on his analysis of the data that affect the American economy, without regard to whether or not it fits conservative or liberal stereotypes. On February 19, Mr. Burns presented a particularly cogent analysis of the impact of excessive military spending on the American economy. As Mr. Burns makes clear, he is fully cognizant of the need for an adequate American defense. But as an economist, he is also cognizant of the economic realities that face our Nation today and of the contribution that a strong economy makes to a secure America. Mr. Burns documents quite persuasively the economic damage that will result if the administration's proposed excessive military spending increases are to be adopted by Congress.

I believe it is important to share that analysis with my colleagues. The article follows:

[From the Boston Herald American, Feb. 19, 1982]

AN EXERCISE IN M.A.D.-NESS

(By Scott Burns)

No budget in recent memory has been greeted with more uproar or despair than the budget released last week by the Reagan administration.

Not that it was a surprise.

The size of the deficit had been anticipated for months. And it was well known that defense would be emphasized at the expense of social spending.

The shock was the bald reality of a major exercise in madness. I mean that literally, as in the military acronym MAD—for Mutually Assured Destruction.

While most accounts have focused on the size of the deficit, the emphasis on defense before all else is stunning.

The good news in the budget is that Ronald Reagan is slowing down the growth of government spending: Total expenditures are budgeted to rise from \$726.8 billion to \$757.6 billion between the current fiscal year and fiscal '83, an increase of only \$32.3 billion or 4 percent. That's the smallest increase in absolute dollars in almost 10 years and an actual decrease when adjusted for inflation.

From there, unfortunately, it's straight downhill.

Defense spending during the same period is scheduled to increase \$33.1 billion—more than the total increase for the entire federal budget. This means Social Security recipients will get their \$23 billion inflation adjustment—in spite of millions of Americans unemployed, millions getting no increase in wages and hundreds of thousands negotiating lower wages—only if \$23 billion is eliminated from other programs. While some of the reductions are long overdue, others are grotesque.

Thousands of children, for instance, will not be supported as the \$2.2 billion cut in Aid for Dependent Children goes into effect. Yet we'll continue funding the Clinch River Breeder Reactor and shelling out tax dollars to American banks in lieu of declaring agricultural loans to Poland in default.

But those absurdities are subtle.

Right now, let's restrict ourselves to waste beyond Nero's wildest dreams:

According to Pentagon materials released with the budget, the \$33.1 billion increase represents a real, after-inflation increase in military spending of 10.5 percent.

Only a handful of relatively small corporations can manage real growth of 10 percent without extraordinary waste. There is absolutely nothing in the Defense Dept. track record to suggest it can handle this kind of increase without massive overruns, even assuming what they buy is useful.

Unfortunately, much of what is being purchased won't be useful. Half of the increase in military spending (\$16.2 billion) will be devoted to three major weapons: Two aircraft carriers for \$6.9 billion; the B-1 bomber for \$4.8 billion; and the MX missile for \$4.5 billion.

According to a recent appraisal of U.S. military power by Sen. William L. Armstrong, a strong supporter of defense, we have less of virtually every kind of weapon than the Soviets. While the Soviets out-power us by up to 4 to 1 in most areas, there is one weapon with which we have demonstrable superiority.

What is it? Aircraft carriers! We have 13. They have two. So why another two?

The B-1 bomber, obsolete before it is built, won't be in service until 1986, only three years before the "Stealth" bomber is delivered. It was a dumb idea when it was canceled several years ago and it is a dumb idea now.

The MX missile, according to Cato Institute Defense analyst Fred Kaplan, will be either unnecessary for our defense or ineffective in its proposed role. While all missile testing, Kaplan explains, has been done East to West (or West to East by the Soviets), actual firings would be over the North Pole and would affect the accuracy of the missiles. They would not be as accurate as claimed, for either side, in a real nuclear exchange, so further additions to the existing stock of missiles would provide no advantage.

The "umbrella" argument for these and other weapons systems is that we once spent

about 10 percent of our gross national product on defense but now spend just over five percent. Having afforded it once, the argument goes, we can surely afford it again.

Balderdash!

The truth is that the economy of the Soviet Union and all its satellites is on the brink of collapse because of excessive spending on military hardware. Our economy isn't far behind, because of excessive social and defense spending.

While there can be no victor in any nuclear war, the victor in any continued military build-up won't be the Soviet Union or the United States. It will be the one nation that saves 20 percent of its income and spends little on defense: Japan.●

A MASTERPIECE IN FLESH AND BLOOD

HON. JOHN L. NAPIER

OF SOUTH CAROLINA

IN THE HOUSE OF REPRESENTATIVES

Thursday, February 25, 1982

● Mr. NAPIER. Mr. Speaker, we all recently noted with keen interest a revival of attention in one of America's foremost leaders, President Franklin D. Roosevelt. His contributions to his Nation will long be remembered. In honor of that occasion, I would like to offer the following poem which was written by one of my constituents, Marion Manning Hiers, and printed in the Marlboro County Herald Advocate.

A MASTERPIECE IN FLESH AND BLOOD

(Eulogy Upon Franklin Delano Roosevelt,
Jan. 30, 1882-Apr. 12, 1945)

(By Marion Manning Hiers)

We think with pride upon you, O masterpiece of Art,
You're like unto a carving which Time will set apart;
Your fame will never perish, tho you're not wrought in gold,
Not chiselled from rare marble, nor cast in waxen mold;
Not carved in Donatello's inimitable way,
For God Himself's the sculptor, who fashioned you of clay.
So skillfully in carving, He shaped with flesh and blood;
He formed you in His image, and then pronounced you good.

O celebrated Figure, O Hero of the Hour!
High-souled, renowned, steadfast and true,
bespeaking justice, power,
Of sacrificing spirit, of prudent, keen foresight,

'Midst danger, you're intrepid, O Champion of the Right',
Your words of brilliant import, bestir both old and young;
Your ideals and your virtues peal forth with trumpet-tongue.

No flattering demagogue are you, whose tawdry trappings plead,
But statesman true, regardless of one's party, bloodstrain, creed.

When all mankind stood chafing in chains of dark despair,

When shackles of depression enslaved man everywhere,

God sent you, Franklin Roosevelt, the century's foremost sage,

And challenged you unto a task momentous for the age;

With noble heart, unflinching night and marked dexterity,

O great Emancipator, you set the captives free;

Forewith made wise adjustments, passed measures of relief;

Prepared constructive programs almost beyond belief.

O erudite Commander, you've won world eminence;

Your might's transformed a low morale; restored men's confidence.

God grant to you, great Pilot, clear vision day and night,

That you may steer our Ship of State in paths of Truth and Right!

We think with pride upon you, whose name will long inspire,

As peaceful monarch of our hearts, you rule a vast empire.

O Franklin Delano Roosevelt, to you be loyalty.

And may the God who formed you, keep you eternally!●

LEGISLATION TO RAISE CIGARETTE TAX 20 CENTS

HON. JAMES L. OBERSTAR

OF MINNESOTA

IN THE HOUSE OF REPRESENTATIVES

Thursday, February 25, 1982

● Mr. OBERSTAR. Mr. Speaker, in 1951, Congress imposed an excise tax on cigarettes of 8 cents per package. While over the last 30 years, the Consumer Price Index has risen by over 250 percent, the Federal excise tax on cigarettes has remained the same with a zero percent increase. Consumption of cigarettes, however, has doubled in this 30-year period. Each year in the United States there are over 600 billion cigarettes—that is, 30 billion packages of cigarettes—sold each year.

In 1951, the Federal cigarette excise tax yielded 2.7 percent of all Federal revenues. In 1981, it yielded only 0.6 percent.

Today I am introducing legislation which would increase the Federal cigarette excise tax by 20 cents, to a total of 28 cents. This figure represents what the tax would be if it had been adjusted for the rate of inflation since 1951. In addition to raising the tax by 20 cents, my bill would also provide for an annual adjustment in the tax based on the annual change in the CPI.

The increase in the tax to a total of 28 cents would increase revenues from the present level of approximately \$2.6 billion to approximately \$8.4 billion annually.

Mr. Speaker, while the argument could be made that the intent of this legislation is to help reduce the disastrously high Federal deficit, it is not the primary intent. The problem of the deficit is so severe that it demands a solution of far greater magnitude than the increase in revenue derived from my bill. The primary purpose of

my legislation is to require that cigarette consumers bear a greater share of the economic burden that cigarette smoking places on our society.

For example, it is estimated that cigarette smoking results in expenditures of: \$13 billion in medical care costs; \$25 billion in lost economic productivity; and \$3.8 billion in medicare and medicaid programs.

Last month the gentleman from California (Mr. STARK) and I introduced legislation providing for a 10-cent increase in the Federal cigarette excise tax to be earmarked specifically to the medicare program.

I am introducing this bill as another option, because I strongly feel that a 10-cent increase is insufficient when viewed against the astronomical costs associated with cigarette smoking and because the 10-cent figure does not adequately reflect the effect of inflation.

Recently the British Government raised the excise tax on cigarettes by approximately 30 cents, bringing the average price of a pack of cigarettes in Great Britain to about \$1.75. Increasing the tax by 20 cents in this country would bring the average price of a pack of cigarettes to about 85 cents. A major argument against raising the tax by 20 cents is that it would be disruptive to the tobacco market. I should point out that even with a 30-cent increase and with the average price per package of \$1.75, consumption in Great Britain was reported by tobacco executives to have dropped only about 10 percent. The American Heart Association estimates that a 20-cent increase would probably result in a less than 10-percent decrease in consumption, a decrease which would primarily occur among the Nation's young people.

This legislation is not designed to deny people the right to smoke. Rather, it is designed to have smokers assume a greater share of the burden of costs attributable to cigarette smoking.

This legislation has been enthusiastically endorsed by the American Heart Association and the American Lung Association.

I urge my colleagues to support both the Stark bill, H.R. 5333, and my bill as cosponsors. I hope that the Committee on Ways and Means will give these bills serious attention in the near future.●

TRIBUTE TO PETER D.
MANAHAN

HON. JAMES A. COURTER

OF NEW JERSEY
IN THE HOUSE OF REPRESENTATIVES
Thursday, February 25, 1982

• Mr. COURTER. Mr. Speaker, I would like to call to the attention of my colleagues a civic leader in my district of exceptional dedication and accomplishment.

Peter D. Manahan, Esq., who was, until last January, the prosecutor for Morris County, N.J., is being honored by friends and fellow community leaders on Tuesday, February 23, 1982, at a testimonial dinner. I would like to join in the praise of Mr. Manahan, who left his public office with a distinctive record of achievement and widespread respect for his fairness and hard work.

A graduate of Georgetown University Law Center, Mr. Manahan practiced law in the District of Columbia for 2 years before joining New Jersey law firm of Connell, Foley & Geiser. In 1977, he became the prosecutor for Morris County, where he developed the first countywide crime prevention program. In addition, under Mr. Manahan's direction, Morris County introduced the State's first prosecutor's management information system (PROMIS), a computer-based system which assists in the operation of criminal justice agencies around the county.

Mr. Manahan still found time to be an active member of the Supreme Court Committee on Municipal Courts, the New Jersey State Bar Association Committee on Training Law Enforcement Personnel, the Law Enforcement Advisory Committee for the County College of Morris, the Morris County Criminal Justice Planning Board, and the Morris County Police Chiefs Association. He is, in addition, president of the New Jersey Prosecutor's Association and a member of the Governor's task force on the victim/witness program.

I highly commend Peter D. Manahan for the great contribution he has made to both Morris County and the State of New Jersey. It is important to recognize Americans who are willing to devote so much of themselves to the betterment of their community, and Mr. Manahan exemplifies this virtue. •

CALLS FOR FEDERAL RESERVE
BOARD REFORM

HON. JOHN CONYERS, JR.

OF MICHIGAN
IN THE HOUSE OF REPRESENTATIVES
Thursday, February 25, 1982

• Mr. CONYERS. Mr. Speaker, two leading journalists, on different sides

of the political spectrum, recently called for major reform of the Federal Reserve Board. Their recommendations mirror legislation I recently introduced, the Federal Reserve Reform Act (H.R. 5066), which empowers Congress to set targets for interest, discount, and monetary growth rates through the budget process, makes the terms of Fed Governors coterminous with that of the President, and provides Congress with a veto over unacceptable changes in Fed policy.

Lester Thurow's article, "Give Reagan the Fed," and George Will's column, "Cranston's Questions About the Fed," both raise questions about Fed policy and structure which will help spark a much-needed public debate on the function and operation of the Fed. Dissatisfied with the Fed, and politicians who hide behind their lack of accountability for its actions, citizens are increasingly demanding greater accountability over monetary policy and greater integration of fiscal and monetary policy by elected officials.

I urge my colleagues to read these articles, and consider whether present Fed policy and operations do not need to be changed, if we are to achieve the economic recovery all of us are talking about.

The articles follow:

GIVE REAGAN THE FED

(By Lester C. Thurow)

One year ago the Reagan Administration was predicting that the economy would now be enjoying a 5 percent real growth rate and a balanced budget by 1984. Instead, the economy is falling at a 5 percent rate, and the 1984 budget deficit approaches \$100 billion. According to the Reaganists, this failure cannot be blamed on Reaganomics but must be ascribed to the Federal Reserve Board and its erratic control of the money supply.

The charge is false, but it does point to an anachronism in America's economic institutions. In most other countries, the nation's central bank is part of the finance ministry and subject to direct control. If the bank fails in its appointed tasks, it is a failure of the Administration in power. It cannot blame someone else.

A similar arrangement should be established in the United States. Whatever its historical merit, the time has come to end the independence of the Fed.

If the President is competent enough to have his finger on the nuclear button, he is competent enough to control the money supply. Presidents are elected and defeated on their economic performance. They deserve both the controls and the responsibilities that this implies. No President should be able to hide his failures behind an "erratic" money supply beyond his control. And if the charge is true, no President should have to put up with an incompetent Fed.

The President now proposes changes in fiscal policies. Congress must concur, but once it has done so, the President is responsible for carrying out the jointly determined mandate. The same system should exist in the monetary area. The President should propose an annual money-supply target. Once Congress concurs, the President

should be responsible for managing the money supply. If circumstances change, he could always go back to Congress for changes, as is now done with spending programs that exceed their initial budgets.

Since it will take time to change the statutes governing the Federal Reserve System, the chairman and members of the Federal Reserve Board should offer their resignations to the President. Chairman Paul Volcker should offer his resignation, not because he has failed to carry out the President's directive to gradually slow down the rate of growth of the money supply, but because it is completely inappropriate for a chairman of the Federal Reserve Board appointed by President Carter to be running monetary policies in the midst of President Reagan's term of office. If President Reagan wants to reappoint chairman Volcker and make him a Reagan appointee, fine, but he should not remain as a Carter appointee.

When Secretary of the Treasury Donald Regan blames the current economic failure on "erratic" money supplies, he is simply setting up the Fed as a whipping boy upon which the failures of Reaganomics can be blamed. But he also should be given the opportunity to conduct "nonerratic" monetary policies and straighten out the current economics mess.

A few months ago I heard chairman Murray Weidenbaum of the Council of Economic Advisers making the "erratic" charge. At that time I asked him whether the Fed had to be on target every week, month, quarter or year for monetary policies to work. He refused to answer, but the Administration should be forced to answer by having to run monetary policy itself.

If the correct answer is that money supplies have to be on target every week, month or quarter to be effective, then it is clear that monetary policies cannot work given current reporting and control variables. Accurate short-run results depend upon accurate information on and control over the demand for money. The Fed might, for example, have to use weekly lending limits for major banks if it is important to control short-run money fluctuations.

If money supplies have to be on target only annually to work, then the Fed is doing a good job vis-a-vis the Reagan monetary directives. From 1980 to 1981 the rate of growth of the money supply (M_1) declined from 7.3 to 5 percent per year. The Reagan Administration wanted a slowly falling rate of growth of the money supply, and that is precisely what the Fed delivered.

The results may not be what the Reaganists expected, but the fault lies in Reaganomics itself and not at the Fed.

CRANSTON'S QUESTIONS ABOUT THE FED

(By George Will)

Alan Cranston, California's senior senator and the assistant Democratic leader, has the somewhat cadaverous look characteristic of today's hyper-healthy joggers. He is 67 and exercises like mad, even competing in sprints at track meets restricted to people old enough to know better.

And now he is making the preliminary noises and maneuvers that are expected from people in the early throes of running for president. A friendly committee has been organized to be a wetted finger in the Breeze of History and to be, simultaneously, a dry finger on the Pulse of the Republic. In due time it will report that in Alan Cranston, the man and the moment have met.

Well, why not? It's a free country. Any in 1980 in California, where one-tenth of American's electorate lives, his victory margin was about 1.5 million. He ran 200,000 votes ahead of Ronald Reagan's pace, carrying 52 out of California's 58 counties. He is the first California Democrat to win a third Senate term.

Cranston is a liberal's liberal, so the first question is: Aren't Ted Kennedy and Walter Mondale enough, already? But perhaps (or so someone in Cranston's position must hope) Kennedy won't run. Perhaps Mondale will be as tedious a candidate in 1984 as he was in his short-lived presidential campaign before 1976. And perhaps Cranston can find an issue.

Cranston insists (as liberals are inclined to do these days) that he is a liberal-with a difference. His difference, he says, is that he has supported business tax cuts. But such support is no longer novel, even among liberals.

What would be novel would be for liberals to square their support for business tax cuts with their professed abhorrence of "trickle-down" policies. Businesses do not pay taxes, they collect them. They must pass taxes on as operating expenses. And tax cuts "trickle down" (if you will pardon the expression) to employees, shareholders, consumers and persons who get new jobs created by business expansion.

If Cranston's candidacy ripens, it may be most interesting as an instrument by which a latent issue comes alive. The issue is the independence of the Federal Reserve Board. The fascinating fact is not that Cranston seems inclined to seize this issue, but rather that it has gone so long unseized in an era of high interest rates.

Cranston, like some conservative monetarists, paraphrases what Clemenceau said about war being too serious to be left to generals. Cranston thinks that the money supply is too important to be left to central bankers. He has not decided precisely what should be done, but would consider, making the term of the chairman of the Fed coterminous with that of the president; or making the terms of all board members coterminous; or making the entire board serve at the pleasure of the president, and putting the board in the executive branch, in the Treasury, under presidential control.

There are two related arguments for this. One is that an independent Fed is an anomaly in a democratic system, because all who exercise power should be held directly accountable to the electorate. But this argument reads too much rigor into democratic theory, and ignores the American practice of tempering democracy.

The second argument is that because the president is held accountable for the performance of the economy, he should have powers commensurate with the public's expectations. He is expected to formulate fiscal policy, and so should be able to synchronize monetary policy.

There is, indeed, a radical asymmetry between the large economic duties assigned to the president by public opinion, and the weak executive instruments for performing these duties. But the primary incongruity is the institutional feebleness of the president's control of the budget. That could be addressed by giving the president a line-item veto—the power to veto particular items in appropriations bills.

Still, if Cranston articulates discontents about the Fed, he will frame the argument and challenge others to argue this more sensible position.

Americans tend to believe that clever institutional arrangements can compensate for the absence of particular social values and virtues. But no institutional tinkering—not with the veto power, and even less with the Fed—can fix what is broken. What is broken is the budget process. And that is a symptom of the weakness of those political and cultural values, such as public-spiritedness, discipline and farsightedness, that a serious budget process presupposes.

Cranston is not apt to be the Democrats' nominee. But he may start an interesting argument. If so, he will contribute more to the public good than many candidates do. ●

LITHUANIA

HON. JOHN H. ROUSSELOT

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, February 23, 1982

● Mr. ROUSSELOT. Mr. Speaker, I commend our friend, the gentleman from Illinois (Mr. ANNUNZIO) for once again bringing to the attention of the House of Representatives the desires of the Lithuanian people to be free and independent. My colleague and I have long shared interest in and concern for the many people who are literally in chains under oppressive dictatorships behind the Iron Curtain.

Mr. Speaker, today I would like to join the rest of my colleagues and the Lithuanian-American community in commemorating the 63d anniversary of Lithuanian Independence Day. It is my wish that one day Lithuania will again join the ranks of the free nations of the world. Not many peoples of the world deserve it more. After four decades of occupation the spirit of the Lithuanian people has never withered, but has instead grown stronger with each passing year in captivity. The Lithuanian heritage of heroism, bravery, and dedication to the right of freedom has become a source of inspiration for all oppressed peoples around the world.

It was in 1918 that Lithuania first emerged as an independent nation after centuries of German and Russian domination. In the mere 20 years of independence that followed the Lithuanian people proved themselves truly capable of achieving tremendous social and economic strides. The forties found Lithuania occupied in turn by the Soviet Union, Nazi Germany, and again the Soviet Union, under whose dominance she has remained for the last 37 years without any opportunity for the self-government she once enjoyed.

Proof that continuous efforts by the Soviets to destroy the Lithuanian sense of unity and identity have failed can be found in the way the people steadfastly adhere to their cultural heritage which embraces the value of freedom. It is deplorable that the Soviet Union continues to deny Lith-

uanian citizens the right to exercise the principle of self-determination and continues to suppress their human rights. As Lithuanians struggle to practice the freedom their declaration of independence once gave them, they must live in constant fear of Soviet retaliation for these efforts.

Mr. Speaker, as the citizens of Lithuania look toward the United States for the concepts of liberty and freedom, let us show them our compassion and support. Let us demonstrate our belief that one day they will again be a free people living in a free nation.

Once again I thank my colleague for taking this time to bring to the attention of the House a recognition of this important day and what it means as a symbol of freedom. ●

FLUNKING THE FAIRNESS TEST

HON. CHARLES E. SCHUMER

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Thursday, February 25, 1982

● Mr. SCHUMER. Mr. Speaker, the administration's ability to revitalize the sagging economy through its proposed budget plan remains a big "if." However, regardless of whether the economy will continue in its downward trend or begin to climb upward, one fact is certain: The Reagan budget and tax plans greatly assist the wealthy and penalize the poor for being poor. By demonstrating the administration's callous, if not cruel, indifference to the well-being of the Nation's needy, the Reagan budget merits the accusation of Norman C. Miller in the following Wall Street Journal article that it flunks the test of fairness. Can such a budget be deserving of congressional approval?

The article follows:

FLUNKING THE FAIRNESS TEST: PERSPECTIVE ON POLITICS

(By Norman C. Miller)

WASHINGTON.—Those of us who are reasonably affluent can afford to be fairly relaxed about President Reagan's dangerously unbalanced budget.

Yes, the mind-boggling deficits projected in the Reagan plan are theoretically worrisome. They'll probably be worse than the \$345 billion the President projects over this four-year term. In Washington, deficits might almost always grow bigger than administrations predict.

And yes, the enormous deficits might cause such havoc in the financial markets that the markets will collapse, businesses will go bankrupt, interest rates will stay at strangling levels and the recession will deepen. But probably the prophets of doom are wrong, as usual, and the country will muddle through. If so, those of us with good to rich incomes will be all right.

But the needy among us will not be all right. They will suffer—and suffer badly—even if, as the President promises, supply-side economics eventually produces sound

economic growth. For until the supply-side miracle occurs, if it ever does, the President's harsh social-program cuts will impose more pain and sacrifice on the poorest members of society—while the rest of us enjoy a bonanza of immediate benefits.

To refresh your memories, take inventory of what we—the affluent—get under the Reagan tax-cut law, which the President is determined to keep in place despite its failure to rapidly revitalize economic growth as the administration promised a year ago.

We get our income taxes cut 10% this year and next, plus inflation-indexed cuts forever. The wealthiest among us get their tax rates cut to 50% from 70%. We get a sizable cut in our capital gains taxes. We can shelter substantial sums in IRAs and Keoghs and get big annual tax deductions to boot. We can invest in tax-free "All-Savers" certificates paying premium interest rates. If we have stock options, we'll get all our immediate gains free of tax when we exercise our new "incentive" options.

The corporations we work for and invest in will get stunning profit gains from liberalized depreciation rules and tax-rate cuts.

Even if corporations lose money, they can cut losses by leasing unused tax credits to profitable companies, which can then lower their tax payments even more. The leasing gimmick is akin to food stamps for corporations.

The very few among the affluent who are Members of Congress get the most dazzling tax bonanza of all under a law sneaked through the last day of the 1981 congressional session. They can claim annual tax deductions of \$18,000 or more for their Washington living expenses! With other standard tax breaks, some of our lawmakers could wind up owing almost no taxes on their \$60,662 salaries.

Contrast this bountiful array of tax benefits for the affluent with what the poor will suffer under the new Reagan budget, remembering that social programs were cut \$35 billion last year. The new budget envisions \$26 billion of additional cuts in direct aid for the needy, more indirect reductions and further cuts in the year ahead.

With unemployment at 8.5% and threatening to worsen, the Reagan budget slashes job subsidies and training by nearly \$2.7 billion. What's left of the shrunken public-service jobs program is destroyed; the Job Corps for poor youngsters is slashed by one third. The federal-state employment service is cut sharply, making it less able to assist job seekers. And in perhaps the meanest line in the budget, the administration proposes to take pennies from jobless people by rounding weekly unemployment compensation checks "down to the next lower whole dollar."

Housing subsidies for 3.4 million families will be slashed by \$3 billion; their rents will rise as a result. Many of these families exist on welfare; their checks will be cut as the budget slashes \$2.2 billion from the biggest welfare program, Aid to Families With Dependent Children. Some will also lose food stamp assistance; the program will be cut by \$900 million. And the 22 million poor persons receiving Medicaid assistance will have to pay more when they're sick if the administration gets its way; it wants Congress to enact a 10% program cut, totaling \$1.9 billion.

Poor children will have a harder time. An array of social services aimed mainly at helping needy kids and their parents will be cut by \$1.3 billion. Special reading and math programs in schools serving poor children also will be cut by \$539 million.

College students and their parents will be hit hard, too if Congress passes administration proposals. Grants to the neediest students will be cut \$800 million; some of the 2.2 million students depending on these grants may have to drop out as a result. Loans to college students also will be cut sharply. Some 700,000 graduate students will be especially hard hit by sharply higher interest rates on their loans.

Now, nobody pretends that federal programs aiding the poor aren't riddled with inefficiencies as the Reagan administration constantly reminds us. But it is fundamentally unfair for the administration to concentrate almost exclusively on cutting assistance to the poor while simultaneously providing an excessive array of tax breaks—several of dubious equity—to affluent persons and corporations.

The imbalance of the administration's policies becomes more drastic when one examines its incredibly overstuffed military budget. There is, to be sure, a clear need to build up the nation's military strength to counter increasing Soviet might. But the size and pace of the administration's military spending increases go beyond reasonable military need and will guarantee huge deficits gravely threatening hopes for controlling inflation and achieving sound growth.

Under the Reagan plan, Pentagon spending will zoom up 18% to \$216 billion next year. Just about every weapon the Pentagon ever conceived—some of highly questionable military value—will be purchased at a sharply accelerated rate.

Some \$5 billion will be spent to start producing B1 bombers. These planes—costing at least \$533 million each for this year's run—are designed to penetrate Soviet air defenses starting in 1986. By the Pentagon's own testimony, these new bombers will be good for their main mission for only four or five years. Then, they'll have to be replaced by an advanced Stealth bomber, for which development spending also is being accelerated. Some military specialists believe the B1s aren't needed even for a four- or five-year period; they think the current fleet of B52s can be upgraded to serve as a credible threat to the Soviets until the Stealth is ready around 1990.

Another \$5 billion is budgeted for developing and producing the new MX missile. This bigger missile is going into production despite the administration's failure to develop a militarily sound plan for basing it so it can't be destroyed by a Soviet attack. The administration's current basing plan is so flawed that the Joint Chiefs of Staff publicly opposed it. Yet somehow the deployment of a vulnerable MX is supposed to enhance our sense of security against a possible Soviet attack.

The pell-mell buildup of conventional forces is equally questionable. The Navy will spend \$18.7 billion building ships. Three cruisers will cost \$1 billion each. Two nuclear aircraft carriers will cost \$3.5 billion each. It will cost \$776 million to renovate two battleships, which many naval experts think are dinosaurs. And this budget is just the first installment of a five-year plan to build 133 more ships at a cost of at least \$96 billion. How the Navy is going to man the planned 600-ship fleet is an unanswered question.

The Army also will add weapons at a breakneck pace. For example, it will spend \$2 billion for 776 M1 tanks, the first models of which have been breaking down regularly in field tests.

We would be better off if a good deal of the billions President Reagan is throwing at the military went unspent or were spent more slowly and carefully. The budget deficit wouldn't be so dangerously big. The administration might even be able to find a little more money to help poor people cope with the twin evils of unemployment and inflation.

President Reagan's budget, however, makes it clear that the needs of our poorest people are his least concern, notwithstanding his pious statements to the contrary. On that count, his budget flunks the test of fairness. ●

VIETNAM AND EL SALVADOR

HON. ROBERT J. LAGOMARSINO

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Thursday, February 25, 1982

● Mr. LAGOMARSINO. Mr. Speaker, critics of the administration's policy in El Salvador have been quick to compare it with U.S. policy in Vietnam in the 1960's and 1970's. Recent editorials in the Washington Post make the point that the comparison is not really valid when you look closely at the events in Vietnam both before and after 1975.

I urge my colleagues to give careful consideration to the Post's analyses.

[From the Washington Post, Jan. 29, 1982]

CERTIFYING EL SALVADOR

Congress had demanded that the president, in order to continue aiding El Salvador, certify that the junta is committed to human rights, reforms and elections. Yesterday the president so certified. We think he did the right and necessary thing. It's evident, however, that the situation in El Salvador is confused and dismal enough that, had a president wanted to, he might have marshaled grounds to go the other way.

The trouble lies not in the decision Mr. Reagan made but in the nature of the hurdle Congress forced him to jump. Many people in and out of Congress fear that the junta is a loser, unable to tame the extreme right sufficiently to fight the extreme left effectively. They could turn out to be right. But probably most congressmen who voted to set up the certification procedure did not mean that the president should take it literally and use it to cut off the junta. Rather, they surely meant to be giving the president at once a way to push the junta harder and an incentive to do so. Now that Mr. Reagan has certified the aid, however, some of them are feeling aggrieved.

They might better inquire more rigorously into what it is they mean to do. It is well to press the administration to be more attentive to rights, reforms and elections. This administration has needed pressing. It is misleading, however, to proceed as though El Salvador were a fresh issue on which the United States had the luxury of making an up-or-down judgment every six months, as the law stipulates, on the basis of the junta's rights record.

A little history: burned by Anastasio Somoza's replacement by a Cuba-oriented regime in Nicaragua, Jimmy Carter undertook a bold, preemptive political interven-

tion in El Salvador. Ronald Reagan is following basically the same policy. Call it a grit-your-teeth policy: to support a reformist junta, with a lot of bad eggs in and around it, in order to avoid a Somoza-Sandinista choice. For critics to narrow their focus to the teeth-gritting without considering the policy's larger aims is shallow and unfair.

For people who can't take the junta, the honest response is not to say the junta is—surprise—beset and flawed, but rather to make the case that it's acceptable to the United States if El Salvador goes the Cuban way. Perhaps this will have to be said of Guatemala, burdened by a regime that seems beyond the pale even of the conservative Ronald Reagan, let alone of the liberal Jimmy Carter. El Salvador, however, is another story: the place where both presidents decided it was worth hanging on.

[From the Washington Post, Feb. 12, 1982]
NO MORE VIETNAMS

Just a word about this Vietnam analogy that is coming to dominate the argument over El Salvador—over what is going on there and what the American response, if any, should be. "It's just like Vietnam," people will say portentously, the implication being that (1) the United States is on the wrong side of a popular revolution, (2) the information we are getting from our military and our government is cooked and (3) the whole thing is self-evidently just another "quagmire" so far as any type of U.S. effort to influence the outcome of events is concerned.

Now, all of these things may be true—we don't know. But their truth has certainly not been established or even persuasively argued, and the Vietnam analogy will do nothing to help confirm or refute it. In fact, the Vietnam analogy will degrade and hinder, not improve analysis. There is, in the first place—don't you think?—something ever so slightly condescending and white-man's-burdenish about this attitude toward turmoil in Third World places: when you've seen one you've seen them all. The commitment of finding one-on-one correspondences with Vietnam is also likely to lead people to ignore large and fundamental differences that don't fit the analogy.

But there is something else, something breathtakingly complacent and self-absorbed, about the constant invocation of the Vietnam analogy that troubles us even more. "It's just like Vietnam"—but by "Vietnam," many of those who keep invoking the analogy seem to mean only their own argument against the American involvement there, and they seem very definitely to imply a cutoff date for the analogy. "Vietnam," in this sense, simply ceases to exist after the spring of 1975. The horror of the Indochinese political fate—the repression and the misery, the tragic and eloquent statement of all those "boat people"—none of this evidently is meant to be included in the meaning of the term "Vietnam."

It would no doubt be considered provocative and boorish to ask those who are working the analogy so hard whether they mean to suggest that the romantic, Robin Hood-model, popular left forces in El Salvador would be likely, in triumph, to turn out to be as oppressive as those who ultimately prevailed in Indochina, but who had once also been considered natural agents of the people's will. And it would also be a waste of time: unlike in Europe, where the subject has been bitterly and usefully debated, in this country too few people have actually

acknowledged what finally happened in Indochina. The point is not to say that continued American presence and pressure would have or could have made a difference. You can even argue that in certain important respects the American presence and pressure contributed to the horrific political result. But somehow, some time the people who fought and argued so passionately against the American effort and who so confidently misread the nature of the other side really need to accommodate the fact of that misjudgment into their thinking. Vietnamese history did not cease with our disengagement, and it also did not exactly improve.

Vietnam, as these critics used rightly to say, was not Munich, and thinking it was most certainly confounded and distorted American policy there. We would add a corollary. El Salvador is not Vietnam.

[From the Washington Post, Feb. 15, 1982]
EL SALVADOR: WHAT TO DO?

That was a revealing juxtaposition of stories about Central America on the front page yesterday. One story reported that, of three American military advisers found by newsmen to have been carrying combat weapons, rather than the permitted personal arms, in a Salvadoran town, one had been ordered out of the country and the other two reprimanded. The second story summarized the "broad program of U.S. planning and action . . . including the encouragement of political and paramilitary operations by other governments against the Cuban presence in Nicaragua" that the administration has authorized in the Central American-Caribbean region as a whole.

Think about that pair of stories for a moment. On the one hand, a few of the 50 advisers in El Salvador were disciplined for stepping over their guidelines. A television camera had caught one of them with an M16—and, if you noticed, also a briefcase. If these men broke the guidelines, they should have been disciplined. The administration, which has promised to keep the advisers out of combat situations, had to discipline them in order to show an edgy American public that the government is as good as its word. Still, you have to be impressed by the lengths to which the administration seems to be going in order to avoid both the reality and appearance of direct military participation. The inference we draw is not that the administration is cheating at the military margin in El Salvador but that it is being scrupulously sensitive to the political consensus in the United States.

The key feature of the administration's overall approach, as revealed in these stories, is the lack of a military core. We think this is right: at this point the costs of a military enterprise in El Salvador, in political and diplomatic terms, would likely be altogether disproportionate to the foreseeable gains. This judgment, which the administration evidently shares, has forced it to explore a range of alternatives even as it plans somewhat grimly for military contingencies outside the immediate battle zone. From the published account, it is not entirely clear what is being just talked about and what is actually going to be done in the region, but it is clear that having forsaken a direct military role, the administration is looking determinedly for substitute policies, including CIA-sponsored political and paramilitary operations by other governments and by Nicaraguan exiles against the "Cuban presence in Nicaragua" and against Nicaragua.

There is a problem here. The American purpose is, as we understand it, simply to get Nicaragua and Cuba to stop their sponsorship of the insurgency in El Salvador. But for that support, there would be no American military aid. There was none until Jimmy Carter decided—correctly, we feel—that the Nicaraguan-Cuban hand compelled the United States to end the no-aid policy it had adopted on account of the human rights situation and to start bracing the Salvadoran armed forces against foreign intervention.

What needs to be asked now, however, is whether the way to keep Cuba and Nicaragua from "destabilizing" El Salvador is for the United States, even through intermediaries, to try to "destabilize" Nicaragua or Cuba. The United States has been down that road before in various places in the region, with dismal results. Rather than trying, as the CIA reportedly has elaborated in a secret \$19 million plan, to build a "broad political opposition to the Sandinista rule in Nicaragua," why not a greater effort to build broad political support for democratic rule in El Salvador? The administration's military self-denial there is commendable. That does not mean that anything else goes.

There remains a serious question about the importance of the foreign input to the local turmoil in El Salvador. The question will persist, since it is self-evident that the country's social and economic tensions are sharp enough in themselves to sustain high domestic violence. The proper response is to attempt to tackle those tensions at the same time. This seems to us essentially what the administration has set out to do, in El Salvador and in the region as a whole. ●

TODAY'S SAVINGS ARE TOMORROW'S COSTS

HON. MARIO BIAGGI

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Thursday, February 25, 1982

● Mr. BIAGGI. Mr. Speaker, "If you think education is expensive, try ignorance." This favorite college fundraising adage is a timely warning for our Government, as proposed budget cuts for student assistance programs threaten to paralyze our country's most vital resource. Education is the most essential tool in constructing and maintaining a democracy, and is our most powerful weapon in combating unemployment and low productivity rates. In order to adequately provide for this Nation's future, our Government must do all within its power to strengthen the role of education in the lives of its citizens.

As a proud cosponsor of the Middle Income Student Assistance Act of 1978, and its corresponding amendments in 1980, I am appalled by this administration's apparent attempt to reverse history by abandoning its commitment to equal educational opportunities for all. By slashing spending on Federal grants and loans to postsecondary education by one-third, hun-

dreds of millions of students will be robbed of their freedom to choose a school which can best meet their needs. This limitation will greatly circumscribe their capacity to meet the demands of our complex and ever-changing society. Thus, today's savings will become tomorrow's costs, and today's injustice against students represents a crime against all Americans. I know from talking with students in New York that proposed changes in the Pell grant program, the guaranteed student loan program (GSL), and several campus-based programs will mean the termination of long-worked-for educational careers for thousands of students in New York alone.

The Pell grant program, the foundation of student aid, is scheduled to be cut by 40 percent, reducing the current \$2.3 billion funding level to \$1.4 billion in fiscal year 1983. The maximum grant would be \$1,600 and student awards would be revised to meet the amount that is appropriated. The average grant in 1983 would be cut to \$778 from the 1982 average of \$853. The number of total recipients would be reduced from 2,550,000 to 1,800,000. Thus, three-quarters of a million students in the United States would lose their Pell grants.

In New York, where these grants have already been cut by \$26 million, leaving 11,000 students out of the program, further restrictions would result in an added loss of \$113 million, eliminating another 85,000 students. Most affected by the new provisions would be grants to students at low-cost colleges whose family income exceeds \$11,000. The new Pell grants would no longer take into account the number of children in college when assessing a family's resources. Furthermore, the amount of money allocated for living expenses would be sharply curtailed.

Guaranteed student loans (GSL), the most widely used program, would shrink drastically under the new proposals. Most significantly, graduate and professional students would become ineligible for such loans. Consequently, these students would be forced to resort to less attractive loan programs such as the ALAS (auxiliary loans to assist students). The terms of the ALAS are much less favorable than those of the GSL, as repayments are due while in school and there is no in-school interest subsidy. Also lenders have been reluctant to lend to graduate students under this program. Interest rates on the ALAS and the PLUS (parents loans to undergraduate students) are 14 percent, a far less desirable option for student borrowers.

Other proposed changes in the GSL program include a doubling of the origination fee from 5 to 10 percent, and a requirement that students repay their loans at market rates rather than a 9-percent interest rate, 2 years after they leave college. Another new

element of the program would be that all students must demonstrate financial need before they qualify for a loan. Under existing law, all students from families earning less than \$30,000 a year are automatically eligible for loans while those who fall above this level may borrow only if they pass a financial needs test. The administration wants these changes to take effect by April 1—in time to affect loans made for next fall. However, it is unlikely that Congress will take action by this time.

In New York, guaranteed students loans have been cut by \$250 million, thus excluding 75,000 students from the program. Proposed budget cuts would reduce loan volume for college students by 15 percent while the banning of graduate students from the program would cut volume by an additional 35 percent. Total loan dollar loss for New York is estimated to be \$455 million.

President Reagan has also proposed substantial reductions for three campus-based aid programs, trimming spending from this year's \$1 billion to \$400 million in fiscal 1983. The supplemental education opportunity grants program would be eliminated entirely. Nationwide, \$278 million would be lost for these grants. New York State schools would lose \$22 million for 45,000 students.

Funding for the college work study program would be reduced from \$528 million in fiscal year 1982 to \$398 million in fiscal year 1983. The administration has stated that these figures would translate into a loss of 160,000 student jobs. The impact on New York would be a loss of between \$10 and \$11 million in funding and a loss of about 13,000 student jobs.

The 1983 budget also dictates the elimination of the national direct student loans program (NDSL). This would reduce the number of NDSL recipients from 800,000 in fiscal year 1982 to 590,000 in 1983. New York borrowers would be reduced by approximately 19,000 students, cutting funding by \$17 million.

The State student incentive grant program (SSIG) would also be eliminated as the administration contends that the project has served its purpose of stimulating States to provide need-based grants to postsecondary students. Nationally, this action represents a loss of \$74 million to States in fiscal year 1983, and the loss of \$6.6 million in funding to New York, money which is now used to support the States' tuition assistance program (TAP).

Congress decision last year to gradually phase out social security benefits for college students has already resulted in a drop in the number of students receiving benefits from 760,000 this year to 683,000 in 1982-83. Although social security benefits have already

been eliminated, under the Omnibus Reconciliation Act, legislation which I cosponsored is now being considered to extend the cutoff date for determining eligibility from May 1982, to October 1982, in order to allow this year's high school seniors to carry through with the postsecondary education plans they have already made. The elimination of social security benefits to students now appears to have been the first step in an unpopular movement to return higher education back to the wealthy at the empty hands of poor and middle-class citizens.

As New York's ranking member of the House Education and Labor Committee, and an original cosponsor of the 1978 Middle Income Student Assistance Act, I will not sit idly by and watch the Federal Government turn its back on our commitment to equal educational opportunities. I will devote every possible effort to retaining these necessary programs in order to secure the educational future of this Nation's students, and to provide a secure future for this Nation. ●

SUPPORT FOR THE PRESIDENT'S CARIBBEAN POLICY

HON. THOMAS B. EVANS, JR.

OF DELAWARE

IN THE HOUSE OF REPRESENTATIVES

Thursday, February 25, 1982

● Mr. EVANS of Delaware. Mr. Speaker, yesterday, President Reagan spoke to the Organization of American States and detailed our Nation's policies in the critically important region of our own hemisphere—the Caribbean Basin.

The economic and national security interests of our country—which are important to every citizen of the United States—are closely bound to the stability and development of the nations in this region. The President's six point program of free trade; tax incentives for U.S. investment; economic and security assistance; technical help and training; cooperation with Canada, Mexico, and Venezuela and special measures targeted at Puerto Rico and the U.S. Virgin Islands presents a sound and effective policy for the United States to follow.

As the President correctly pointed out, the Caribbean Basin is absolutely vital to the economic well being of our own Nation. Nearly half of all our trade travels through the Panama Canal or the Gulf of Mexico. Two-thirds of our imported oil—the lifeblood of U.S. industrial production—follows this same route. And over half of the materials determined to be strategic and critical to our own national security and our economy must pass through this region.

Let me reduce this concept down to one issue very close to home—to one country in our own backyard—Jamaica. Bauxite from Jamaica is critically important to our Nation's economy because of our need for aluminum. You cannot make aluminum without bauxite, and we import over 40 percent of this material from Jamaica. This small nation's geographic position is significant as well, since it strategically located by the vital sea lanes of the Caribbean.

Jamaica is also important because Edward Seaga, the Prime Minister, is a friend of the United States. He defeated the Marxist-oriented Michael Manley in October of 1980 in a free and fair election. That country was on the brink of chaos economically and politically. He is beginning to bring Jamaica back, and we need to reinforce his efforts. We must consider the fate of a country like Jamaica in the Caribbean, the symbolic importance of a democratic form of government succeeding where Marxism has failed, and we should consider the effect of the loss of bauxite from Jamaica upon our economy and national security.

Another factor is the expansion of our export markets overseas. If we can stabilize the economies and political structures of the nations in the Caribbean, we can expand our export markets. Already, 40 percent of our exports are sold in the Third World. That is important to American jobs, since every billion dollars of exports means 40,000 American jobs, together with the dignity and the self-esteem that a job brings.

I can guarantee one thing. All of these factors are being considered by our adversaries. Maintaining strong bonds with the Caribbean basin is not only vital to our national security, it is an integral part of our comprehensive program for the revitalization of the American economy. Support for the policies articulated by the President is critical to American security, American jobs, and the preservation of those essential freedoms Americans have cherished for so many generations.●

A TRIBUTE TO ROSSLEE T.
GREEN DOUGLAS

HON. JOHN L. NAPIER

OF SOUTH CAROLINA
IN THE HOUSE OF REPRESENTATIVES
Thursday, February 25, 1982

● Mr. NAPIER. Mr. Speaker, in 1979 the Office of Minority Economic Impact was established in the U.S. Department of Energy primarily to advise the Secretary on the effects of energy policies, programs, regulations, and other Department actions on minorities and to recommend policies to assist minorities and minority businesses affected by the Department's

actions. This office is also charged with the responsibility of providing advice to the Secretary on methods to increase minority participation in the Department's programs and activities.

During the past year, the mission of this office has been successfully carried out by its director, Rosslee T. Green Douglas. Mrs. Douglas has gone beyond the normal limits of service to her Nation in spearheading an effort which directly affects millions of Americans. I want to take this opportunity to recognize a person who willingly accepted a difficult task, saw it as an opportunity for service to mankind, and aggressively launched the Office of Minority Economic Impact on a course which will ultimately benefit our citizens.

Prior to joining the Department, Mrs. Douglas served as a Commissioner of the South Carolina Industrial Commission, which adjudicated workmen's compensation cases in the six congressional districts. She was appointed to the position with Senate confirmation on July 5, 1978, by the Governor of South Carolina, James B. Edwards. For 10 years, prior to service at the State level, Mrs. Douglas was affiliated with the Franklin C. Fetter Family Health Center in Charleston, S.C., serving in various administrative and managerial positions for the Outreach and Home Health Services divisions. From 1952 to 1968, Mrs. Douglas was active in the general field of health services. Her activities included nursing supervisory positions at the Brookdale and Bedford Hospitals in Brooklyn, N.Y. She also served as consultant to health care organizations.

Mrs. Douglas was an honor graduate from Avery Institute, Charleston, S.C., in 1947. She received an R.N. diploma from the Lincoln School for Nurses (honor graduate) in 1952 and was also an honor graduate in nursing from Medical University of South Carolina in 1972, receiving her BSN degree. In addition, Mrs. Douglas has undertaken course work at Dillard University, New Orleans, La., and New York University.

Her honors include the 1979-80 Personalities of the South Award from Historical Preservations of America; the 1981 Columbia, South Carolina Urban Leagues' Service to Higher Education Award; and the Omega Psi Phi Fraternity-Mu Alpha Chapters' 1981 Community Service Award. She is an active member of various organizations, including the American Nurses Association; South Carolina Nurses Association; Trident Nurses Association; Sigma Theta Tau Sorority; (the National Nursing Honor Society), Gamma Omicron Chapter, Chi Eta Phi Sorority.

Mrs. Douglas was born in Florence County, S.C., and grew up in Charleston, S.C. She is a widow and has two children.●

JOSEPH P. VAN DER MEULEN,
M.D., MYASTHENIA GRAVIS
FOUNDATION HONOREE

HON. HENRY A. WAXMAN

OF CALIFORNIA
IN THE HOUSE OF REPRESENTATIVES
Thursday, February 25, 1982

● Mr. WAXMAN. Mr. Speaker, on February 27, 1982, the California Chapter of the Myasthenia Gravis Foundation, Inc., will honor Dr. Joseph P. Van Der Meulen for his extraordinary work in research, patient care and policymaking on behalf of the foundation.

Myasthenia Gravis is a disease to which little attention has been given in the past even though its victims are found in every age group, every ethnic group, and at every level of our society. It is a crippling, sometimes fatal disease for which there is no known cure—yet. The Myasthenia Gravis Foundation, founded in 1934, has provided information and assistance to the medical profession as well as to patients and their families in recognizing and coping with the disease.

Dr. Joseph Van Der Meulen's background as a physician and researcher is impressive. He obtained his A.B. degree magna cum laude from Boston University School of Medicine. After completing 2 years in internal medicine on the Cornell service at Bellevue Hospital in New York City, he completed his neurology training on the Harvard service at Boston City Hospital. He then spent 2 years in research in neurophysiology at the Nobel Institute for Neurophysiology, Karolinska Institute, Stockholm, Sweden. After 4 years at Case-Western Reserve, Dr. Van Der Meulen became chairman of neurology at the University of Southern California in Los Angeles in 1971, and more recently, has served as vice president for health affairs at USC.

Dr. Van Der Meulen has been a member of the California Chapter, Myasthenia Gravis Foundation's Medical Advisory Board and Scientific Committee for more than 10 years and has been chairman of both committees. In this capacity, he was in charge of patient referrals, medical education, and the allocation of research funds and grants. Dr. Van Der Meulen has served as adviser and consultant to many organizations including the National Research Council's Division of Medical Sciences, the California Medical Association, and the National Institute of Health's Advisory Council.

Dr. Van Der Meulen is the author of more than 40 articles on various aspects of his field. In 1976, he was selected by the University of Southern California Medical School graduating class as the recipient of the Kaiser Award for Clinical Teaching Excel-

lence in recognition of his superb teaching abilities.

Whether in a classroom, at a scientific seminar, or in consultation with patients and their families, Dr. Van Der Meulen has the unique facility to impart his knowledge and counseling both in the most complex, scientific terms as well as in the vernacular of the layman; his flexibility in communication meets every demand.

I ask the Members to join with me in congratulating Dr. Van Der Meulen, his wife Ann, and daughters Lisa, Suzanne, and Janet, on this special occasion. Dr. Van Der Meulen has proven himself as a man of science and a man of compassion. May he enjoy many more years of his honorable and rewarding work. ●

LITHUANIAN INDEPENDENCE DAY

HON. WILLIAM R. RATCHFORD

OF CONNECTICUT

IN THE HOUSE OF REPRESENTATIVES

Tuesday, February 23, 1982

● Mr. RATCHFORD. Mr. Speaker, Lithuanian Americans throughout my district and the entire Nation recently celebrated the 64th anniversary of the declaration of Lithuanian independence. Lithuanian Independence Day is a day which shines brightly for freedom-loving people, as the brave men and women of Lithuania strove to make their land free and independent. It is also a day that reminds all of us that freedom is precious, and may be taken away against our own will.

It would be difficult for Americans to envision a Fourth of July celebration without parades, picnics, and fireworks demonstrations because of a strongly repressive grip maintained over us by a foreign government. Yet for over 40 years, Lithuanians have endured—and resisted—this exact type of heavy-handed repression put upon them by the Government of the Soviet Union. On the anniversary of Lithuanian independence this year, the Soviet Government will still cast its iron grip over the speech, religious practice, and other freedoms that country should enjoy, but it will not have won the hearts and minds of the Lithuanian people through this repression.

We in America must stand united with the Lithuanian people. If we cherish our own freedoms, we must appreciate that millions of people in Eastern Europe do not share this freedom, and that thousands have struggled and died in the hope of regaining these liberties.

The struggle for freedom has not yet been won, nor is it over. Lithuanian independence came to a tragic end in June 1940, when Soviet troops entered that nation as well as its Baltic neigh-

bors, Estonia and Latvia. Since that time, and despite the agreements made in the Helsinki Accords of 1975, the Soviet Union has flagrantly violated the human rights of Lithuanians by denying them free elections, free speech, and free practice of religion. Two decades of independence were trampled by Soviet and Nazi occupation, but the fight to regain this liberty goes on.

The Lithuanian cause stands as a paragon of nationalist pride and heritage, and every man and woman of Lithuanian origin has reason to be proud that this Nation has not succumbed to attempts to russify the land and the people. I think this anniversary of Lithuanian independence should give all of us in America and around the free world the resolve to preserve and protect the precious liberties we have, and to seek to restore the same freedoms that have been taken from others by aggression. Through our words now and our actions in the future, we must continue to encourage the dream of freedom for Lithuania so that this nation can be free from domination and able to pursue its own destiny. ●

ESTONIAN INDEPENDENCE DAY

HON. MARTY RUSSO

OF ILLINOIS

IN THE HOUSE OF REPRESENTATIVES

Wednesday, February 24, 1982

● Mr. RUSSO. Mr. Speaker, today we note the 64th anniversary of Estonian Independence Day. On this date in 1918, the courageous people of this small republic on the Baltic Sea declared their independence from Russia, a spring of freedom that lasted for 22 years. During that period, Estonia prospered as a free nation. But in 1940, Stalin delivered his dictatorial ultimatum to this brave country, followed shortly by an invasion by the Russian Army, subjugating the Estonian people. Estonia, along with the other Baltic countries, Latvia and Lithuania, were ruthlessly incorporated into the Union of Soviet Socialist Republics. One year later, the Soviet authorities deported thousands of Estonians to Siberia.

The plight of this valiant nation has not gone unnoticed or unappreciated. Congress regularly recognizes the struggle of Estonians and other Baltic nations to be free again. The Helsinki Accords of 1975, signed by the Soviet Union, guarantees that all participatory states will respect human rights and the fundamental freedoms of all people. This agreement has been flagrantly violated by the Soviet Union in the case of Estonia as well as so many other countries.

Also in 1975, Congress passed House Resolution 864, a resolution which re-

fused to recognize the forceful incorporation of Estonia into the U.S.S.R. I was a cosponsor of that resolution, one that gave the Soviets notice that the U.S. Congress was serious about enforcement of the Helsinki accords.

These Estonians are to be admired by the world for their courage in their continuing struggle for self-rule. Anti-Soviet demonstrations regularly occur in all the Baltic states, sponsored by nationalistic groups seeking freedom for their native lands. The drive for preservation of the unique culture of these people, their desire for basic human rights and their continued hope of independence are goals that we in America must support. They need this ray of hope in the face of relentless Soviet oppression; we must demonstrate our rejection of a dictatorship that condemns people to labor camps and persecutes people, denying their rights, including the freedom of expression, freedom of religion, and freedom from fear.

Today we solemnly commemorate their wish for liberation. Congress has a duty to the free world and to subjugated nations everywhere to insure that the flame of freedom is never extinguished, even in a world facing the specter of communism, and to do so we must publicly bring attention to and condemn the illegal domination of the Baltic states by the Soviet Union.

Such an occasion is a time also for giving thanks for our own precious political and religious freedoms as we join with others around the world in saluting and honoring the Estonians on this 64th anniversary. ●

SALVADORANS REQUEST AID

HON. ROBERT J. LAGOMARSINO

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Thursday, February 25, 1982

● Mr. LAGOMARSINO. Mr. Speaker, late last year, the El Salvador Chapter of the American Chamber of Commerce made an urgent plea for support from the other members at the midyear meeting of the American Chambers of Commerce of Latin America.

Reviewing the Communist infiltration from Nicaragua and Cuba and the disruption of the economy, the Salvadorans requested continued economic, political, and military support for their country.

I urge my colleagues to give careful consideration to their statement.

AMCHAM—EL SALVADOR'S PRESENTATION AT THE VIII AACCLA MID-YEAR MEETING SANTIAGO, CHILE

After more than 3 years of being under heavy attack by a Communist movement supported by the Soviet bloc and its international counterparts; the people of El Salva-

dor, and the democratic, private enterprise system, have neither folded nor been destroyed by these efforts. But time is against them and if they are not supported, the country will fall like Nicaragua and in short time the rest of Central America will follow. The present state of affairs remains confusing and the solutions still complex. Those solutions being presented in the international forums throughout the world, are in themselves geo-political and with goals reaching beyond El Salvador. This in fact has given the country much greater attention and support, especially from the administration in Washington, than it would normally receive. This support and commitment must be broadened to include the public opinion of the people of the United States, in order to really save another friend from falling into the hands of the Communist offensive in our hemisphere. Therefore, it is understood why El Salvador's immediate concerns, are:

First, resisting the international Communist attack; second, preserving the economic climate; third, safeguarding private enterprise, and fourth, preparing the environment for the upcoming elections.

The El Salvador issue has now surfaced in our hemisphere as one which is changing the direction of Third World leadership. The Cuban trend which was militarily successful in Nicaragua in 1979, and politically reversed in the same year in Jamaica, now views El Salvador as a major necessity for its momentum.

The international incentive and support is obvious, as witnessed by the international socialist strategy, supported by such pronouncements as the Franco-Mexican accord. Which continues to press for an unacceptable mediated solution. It is apparent to us, who live in El Salvador, that the continuous terrorist activities cannot obtain power by force but now are directed to harass and destabilize the economy and government. The tactic is to keep the issue in the limelight at the international level. Through the manipulation of the facts and misinformation, their political arms are having some success in characterizing the attack as a popular uprising. This is incorrect, but its international success to us who live and eyewitness the actual events, is upsetting. The very fact that even today these Marxist-Leninist groups can acquire support at the United States public level while spreading violence and bloodshed in El Salvador, is proof of their skill in altering the facts to their advantage. The political solution now being supported by the Washington administration, Venezuela and others, is to bring the nation to hurried free elections for a constitutional assembly this coming March. It is essential to return the country to legality and thereby continue the process toward political, social and economic stability. The urban sector, made up of the majority of the middle class, has responded extremely well. Political parties have either been reactivated and new ones formed to participate in the political future of the country. This, in a very short period of time, has brought an openness to the national political arena never before seen. Positive occurrences such as lifting of the curfew, challenging and modernizing the election laws and the abolishing of the martial law, in order to give political parties freedom of speech, movement and assembly, have been implemented. The freedom of determination by the people of El Salvador through elections will be continuously jeopardized by the terrorist activities; as they do not wish to permit an envi-

ronment for a society to hold a forum for free elections.

At the same time, a higher degree of law and order should precede the elections, so that this coming March the voter is more at ease with his participation and the political solution can carry more weight, both on the national and international level. This improved security is most important, especially in the countryside. Even though the terrorists hold no firm ground, their random raids on small defenseless towns maintain some areas intimidated and unacceptable for political campaigning.

Going now beyond the short-term military and political solutions, priorities to establish economic solutions must be initiated in order to provide for social stability and improvement.

The lack of a sound, well understood economic policy from within the country and from those nations, such as the United States, which exerts great influence, is of considerable concern, since without an economic solution, any military victory and political democratic procedure will fail in time.

The economy of El Salvador has now been taxed by an internal strike after losing its venture capital, its international credit and implementing a very costly land reform. It is now experiencing for a third straight year, a declining gross domestic product, in real terms and an inflation rate which will be close to 20 percent this calendar year. This figure, modest for some economies, is very serious in a country where unemployment is growing daily, principally caused by over-population and as a result of the violence. This violence has been directed toward the destruction of the productive sector. These direct attacks on it, coupled with as reasonable uncertainty with respect to the communitarian philosophy of Napoleon Duarte and his Christian Democratic Party have discouraged private sector activity or capital from returning to El Salvador. Even though no strong policy has emerged to give the economy the direction it needs for the task of reconstruction. The private sector at all levels remains active. Therefore, it is critical for the survival of the private enterprise system that all friends in the western hemisphere recognize that the contribution is more than direct military and economic aid.

The U.S. commitment will be close to \$174 million in 1981 alone, to insure the freedom of El Salvador; yet it has failed in providing the necessary confidence, so as to incorporate major participation of the other international agencies, particularly the IMF and the World Bank into its efforts to arrest and reverse the downward slide of the economy. It must be noted that traditionally, El Salvador has been extremely conservative with its external debt and even as recent as 1980, it required only 3 percent of its exports to service this debt. This figure surely has increased somewhat in 1981 with fewer exports and new debts. The point that El Salvador has a great capacity to borrow, only one to the conclusion that confidence must be restored at both international and national level. The distorted image presented internationally, by the wire services and free lance reporters, has been as harmful to the peace of this country, as the massive arms shipments from Nicaragua and Cuba.

In summarizing the massive problems of the economy, one can recognize some that continuously hamper agriculturally oriented developing nations. Even in normal times, El Salvador's traditional export crops: coffee, sugar and cotton, could not cover the

increasing cost of oil, capital goods and services. Many recognize that the answer is massive capital investment to industrialize this country, this now will be slow coming, meanwhile a great social tension will be present, due to a destroyed economy. A great amount of assistance from international communities must be sought to combat even more poverty from developing and to keep the Communists from their goal—control over the people. This will be an ever-lasting possibility in El Salvador, or anywhere in Central America, since there is a delicate balance of power in the region and it can easily shift to Cuban-Nicaraguan movement. The Sandinista's government must be identified as today's singlemost destabilizing problem we have.

To close, we emphasize that as of today, the country has militarily withstood a Communist attack; it has agreed to go to the polls to vote with international supervision to bring legality and credibility to an elected government, following the principle of democracy. It must now be helped in its economic reconstruction. Support is needed now so as to insure the survival of the private enterprise system and democracy in El Salvador. If El Salvador is lost, the floodgates will be open to the momentum of communism throughout the hemisphere, making it virtually impossible to stop. ●

ELEVENTH ANNUAL SOLIDARITY SUNDAY FOR SOVIET JEWRY

HON. BENJAMIN S. ROSENTHAL

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Thursday, February 25, 1982

● Mr. ROSENTHAL. Mr. Speaker, May 2, 1982, has been set aside as the 11th annual Solidarity Sunday for Soviet Jewry. Because conditions have declined so drastically, this day can be marked as the most important such event of the past decade. It is our opportunity to voice concern over the decline in emigration and the increased harassment Soviet Jews have been subjected to this past year.

The State Department's "Country Report on Human Rights Practices" for 1981 serves as a disheartening reminder of the Soviet Union's blatant abuses of justice. For over a decade, many of my colleagues have participated in a variety of efforts to help Soviet Jews achieve the fundamental freedoms guaranteed to all. The progress was slow, but as each year yielded higher emigration figures, we continued to be optimistic.

When 51,320 Soviet Jews were allowed to leave in 1979, it seemed the goals we had been striving for were beginning to be realized. Although 1980 brought a 58-percent decline, this was considered but a temporary setback, in part due to congressional attention focusing on other pressing problems, such as Afghanistan, then Poland. However, in 1981, despite 30,000 requests, a mere 9,447 Jews were granted permission to leave the U.S.S.R. The

figures reached a low reminiscent of 10 years ago.

The progress in emigration up until 1979 was largely due to American efforts. Yet congressional support has become erratic in the past 2 years. This slack in effort tends to affirm the belief that the problem will with time disappear because people do not care. This has resulted in a decline of exit visas being granted.

The figures for January 1982 have recently been released. They continue to indicate a downward trend, and this can no longer be ignored. Only 280 Jews have been able to reach Vienna, the lowest monthly figure since 1970, when large scale emigration began.

The Soviet Jewry problem cannot be relegated to being a secondary concern. This issue demands a revitalization of interest and efforts.

We must petition the Secretary of State and President Reagan to stress the issue of basic human rights, especially in their discussions with Soviet officials. They must be made to realize we have not forgotten, nor have we become discouraged. An international endeavor to gather 1,000,000 signatures on a petition appealing to Soviet President Leonid Brezhnev is but one way to illustrate our concern and commitment. The deadline has been extended until May of this year. I urge you to support this effort.

We must also revitalize the letter writing to those imprisoned in the Soviet Union. It is only with our continual support that many Soviet Jews find the courage to request permission to leave. Rekindling the concern over this situation in Western Europe is of great importance as well. The assistance of our allies in this matter increases the chances of our efforts succeeding.

Recent visits to the Soviet Union by some of my colleagues have yielded reports no more optimistic than those presented by the administration. Only with increased determination can we hope for more optimistic achievements in the future for these harassed individuals, whose struggle for humanity has already been unduly extended. We cannot allow 1982 to be a repeat of the gloomy outcome characterized by the figures of 1981.

A DEFENSE POLICY THAT IGNORES THE FUTURE

HON. RICHARD L. OTTINGER

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Thursday, February 25, 1982

● Mr. OTTINGER. Mr. Speaker, I am including in today's RECORD a letter to the editor, which recently appeared in the New York Times, by Mr. Michael D. Spett, one of my constituents from White Plains, N.Y. Mr. Spett thought-

fully points to the terribly short-sighted and illogical Reagan administration policy of slashing student financial aid at the expense of our national security.

As Mr. Spett notes in his letter:

If we do not invest now in the next generation of brains at the college and graduate level, our technological leadership will be weakened. Massive outlays for military hardware that will soon be obsolete cannot provide a solid defense in years to come.

I share Mr. Spett's views completely, and I commend his letter to the attention of my colleagues:

A DEFENSE POLICY THAT IGNORES THE FUTURE

White Plains, February 10, 1982.

TO THE EDITOR: Two news articles in the Feb. 10 Times (by Majorie Hunter and by Susan Chira)—about the elimination of the Graduate Loan Program and the loss of grants to 2.3 million college students—graphically demonstrate the shortsightedness of President Reagan's defense policy.

If, as he so often emphasized, his long-range goal is a stronger U.S. vis-à-vis the Soviet threat, he doesn't seem to be going about achieving it in a logical way.

Since World War II, the strongest aspect of our defense has been our technological superiority, an advantage that has resulted from our ability to translate scientific know-how into sophisticated weaponry and ways to use it. If we do not invest now in the next generation of brains at the college and graduate level, our technological leadership will be weakened. Massive outlays for military hardware that will soon be obsolete cannot provide a solid defense in years to come.

It is the height of penny-wise, pound-foolish thinking to cut the future pool of scientists, researchers and engineers by half. Only by giving financial assistance (mostly in the form of loans) to encourage the further education of this generation of students can we insure that the next generation of weapons will be up to date.

MICHAEL D. SPETT.●

THE AGONIES OF IRELAND: THE INJUSTICES

HON. THOMAS S. FOLEY

OF WASHINGTON

IN THE HOUSE OF REPRESENTATIVES

Thursday, February 25, 1982

● Mr. FOLEY. Mr. Speaker, once again, I would like to draw my colleagues attention to the outstanding series of articles "The Agonies of Ireland" published by the Philadelphia Inquirer which follows below:

[From the Philadelphia Inquirer, Dec. 17, 1981]

THE AGONIES OF IRELAND: THE INJUSTICES

(By Michael Pakenham)

In any pub in Northern Ireland, one can precipitate an evening's dispute over the graffiti emblazoned on walls, roadways and virtually every other surface in any village or neighborhood where Catholics live or travel. The argument could be over which of two slogans is most numerous: "Brits Out!" or "Smash the H-Blocks!"

"Brits Out!" symbolizes a complex economic, political and demographic problem

that must be examined separately. "Smash the H-Blocks!" stands for the narrower but bitterly controversial question of prisons, policing and criminal justice.

Specifically, the H-blocks are eight separate H-shaped prison compounds built since 1975 in the Maze Prison, near the village of Long Kesh, outside Belfast. Since they were designed and built because of particular circumstances of prisoners connected with political terrorism, they have become a symbol to those prisoners and their supporters.

Today, in all the prisons and jails of Northern Ireland, there are about 2,500 inmates. It is generally accepted that 1,800 of them—72 percent—claim they were imprisoned for "political" reasons. That is to say, they have been judged to be terrorists, paramilitaries or collaborators from either the Catholic or Protestant extremes.

No official statistics have been published, but the Sunday Times of London, after serious study, estimates that just under half of the terrorists are "Loyalists," from the Protestant community, and just more than half are "Provisionals," "Provos" or "Republicans"—IRA or its offshoots from the Catholic community.

That means that the remaining 28 percent are what are called, in the bitterly ironic common idiom of the security forces, "ODCs"—"ordinary, decent criminals," murderers, rapists, armed robbers and the like. Ireland, North and South, is a relatively law-abiding society. To almost everyone there, crime is predominantly attributable to "terrorism" or "political action"—depending on whether one opposes or supports it.

Lest the proportions of terrorism be exaggerated, it is sobering to note that in 1980, 75 men, women and children died in violence associated with terrorism or political action, while 229 died in highway accidents.

Nonetheless, the problems of politically motivated violence eclipse all other concerns of public order and criminal justice on the island.

The manner in which it was managed in Northern Ireland from the late 1960s until 1973-74, when significant reforms were established, was abysmal, from almost every vantage point. Since then, difficulties have continued unabated.

Americans and others around the world have seen abundant indications of that, dramatically—often sensationally—on their television screens and in print:

Troops of the British Army and the Ulster Defense Regiment (UDR) flailing crowds of protesters, firing on them with rubber or plastic bullets, often from armored trucks.

Men and women being arrested, interned without formal charges, brutally interrogated and convicted without juries.

Government security forces shooting, usually with heavy rubber or plastic bullets, children, often tiny ones—often apparently at random and some fatally—as they come home from family errands, or while on other innocent pursuits.

Reports—sketchy but all the more emotionally telling in that sketchiness—of murders and woundings of Catholic activists by clandestine and sinister men moving, acting and fleeing apparently without interference from the pervasive Northern Ireland police, the Royal Ulster Constabulary (RUC) or the British Army.

The first-hand accounts, told to thousands of Americans at meetings of Irish-American societies and elsewhere, by men and women from Northern Ireland who have endured, or whose families have been victimized by the repression and brutalizing—the deper-

sonalizing horror—of all those excesses, and more.

The pathos, valor and pertinacity of the families, women and comrades in arms at the funerals of IRA hunger strikers. To many Americans, that seems to be a testament of repression and of courageous resistance to it.

Finally, the agony of the hunger strikes themselves: Between May 5, when Bobby Sands died, and Aug. 20, when Michael Devine followed him and the hunger strike was abandoned, 10 young Catholic Irishmen gave up their lives through self-imposed starvation. All were veterans of long, patient protests in which, for their demand for "political status" as prisoners of war, they had lived virtually naked in the H-Blocks, refusing common privileges and often brutalized by their mainly Protestant jailers. What greater courage, certainty of principle or dedication to the justice of a political movement could there be than those acts of self-sacrifice?

In equally brutalizing counterpoint, the grim drama is played out to another vantage point: A Catholic member of Parliament in Belfast carries a loaded pistol day and night, in constant awareness that Provo sympathizers go on attacking him, with bombs and stones, so long as he condemns murder. Officials of all sorts, not just security forces, live in unrelenting consciousness that they may be the next to be killed.

Elements of the inventory of the failures of justice are twisted to serve both vantage points. Politically motivated interpretations are made as intentional propaganda.

Many long and several very studious books have been written on the subject. British government studies have found detailed fault. Amnesty International has examined some of the failings, and reported critically.

Elaborate litigation before the European Commission—and then Court—of Human Rights, between 1971 and 1978, ended with a finding that there had been "inhuman and degrading treatment" in the interrogation of prisoners in and before 1972. Other allegations of extreme physical abuse and intimidation by deprivation and the threat of abuse have been substantially persuasive.

Enticing as it is for many people, especially those an ocean or further away, to see all that as willful repression, it is not that simple. What the dramatic scenes on television do not show are the methodical killings of police, soldiers, politicians and many others, and the threatening, intimidation and killing of witnesses, in large numbers by the terrorists.

What would the U.S. criminal justice system do, political and community leaders in Belfast and Dublin ask, if a revolutionary underground had methodically murdered 600 American police, civil servants and private citizens in a dozen years?

To believe, as many Americans are told to by propagandists, that the problem of justice in Ireland is purely "British" is to ignore the fact that almost precisely the same systems and circumstances are used against the IRA by the police, courts and prisons in the Irish Republic. IRA supporters bring the same complaints against the Dublin government as they do against the British, particularly those of maltreatment of prisoners.

Nevertheless, one needs only to drive slowly about the streets of Belfast, or many other places in Northern Ireland, today and to watch the random vehicle checks by the army and UDR to know with certainty that

there is a chilling atmosphere of repression of individual liberties abroad in that tormented land. And one needs only to talk with patience to residents of Catholic residential neighborhoods and with candid policemen to know that that atmosphere is far more chilling for a Catholic than for a Protestant or an outsider.

That atmosphere is offensive to the most fundamental values—and hope for the future—of democratic society. Passion and propaganda aside, the criminal justice system in Northern Ireland—the responsibility of the British government—until the reforms was appalling.

Since then, it has been ineffectual and dismayingly susceptible to manipulation for the sake of propaganda—by both extremes. What has prevailed is not due process of law as Americans know that to be—through a U.S. system of civil liberties under the rule of law devised from the British model.

Yet the question remains: How to deal with methodical, canny political terrorism which has a main intent of making the system of justice, the entire system of government, appear to be illegitimate and repressive?

The implications of that are ominous to serious hopes for reconciliation within Northern Ireland. Yet to many people there, that system of "justice" is dismaying not for its excesses, but for its inadequacies.

The Rev. Ian Paisley, "Free Presbyterian" minister, leader of the Democratic Unionist Party and a member of Parliament, puts it this way: "They've feather-bedded the prisons, and practically given them every concessions. If I were a recruiting sergeant for the IRA, I'd say, 'Join us. What do you get? Even if you're caught, you have a soft time of it. We get you into prison. You can do a university degree. You'll get out in half the time of your sentence. There's no capital punishment. You're free to associate. You get as many food parcels as you like. You wear your own clothes.'"

"How," Mr. Paisley demands, "can you beat terrorism on those terms?"

Mr. Paisley speaks, for his own constituency—one developed through the tactically brilliant political exploitation of fears, real and latent. Moderate Protestants and almost everyone in a position of authority in the British government reject his demagoguery.

Yet his power is great, for he draws it clearly and effectively from the anxieties of the majority in Northern Ireland. He is correct in recognizing that terrorism has created an atmosphere in which, to masses of people, due process and guarantees of civil liberties are luxuries which cannot be afforded.

In that atmosphere, "Smash the H-Blocks" and all it symbolizes has appeal to the "political" convicts of either side. It appeals to members of the relatively small, intensely organized, ultrasecret bands whose membership under prevailing law would put them in prison as well if they were caught with even tenuously prosecutable evidence—in the North or South. Except for them, relatively few people in Ireland are eager that the prisoners—H-block or otherwise—all be set free.

The failure of due process, however, is inflaming the conflict. It is having the inevitable effect of drawing otherwise peace-loving, law-respecting people to sympathize with the terrorists. Those sympathies are both polarized and polarizing.

If evidence were needed, which tragically it is not, there is the pronouncement of the

phrase itself: Catholics, almost universally, will pronounce "H" as "Haitech"; Protestants will say "Aitch." Any informed outsider can recognize, immediately and almost infallibly, the potential sympathy of anyone in Northern Ireland on that basis alone.

From that point on, the question is quickly defined. Those who yearn literally to smash the H-blocks are committed supporters of the terrorists—Protestant and Catholic. Presumably, the "ordinary, decent criminals" wouldn't long stand waiting if the H-blocks were smashed. They and the Provos and Loyalists would go off to resume what they had been up to before they were locked up.

[From the Philadelphia Inquirer, Dec. 18, 1981]

THE AGONIES OF IRELAND: TESTING THE RULE OF LAW

The rule of law is cumbersome and fragile, but the only alternative is the rule of man: the arbitrary authority of subjective judgment. There is no democratically governed society in the world today in which that fragility is more temptingly threatened than it is in Ireland.

The survival and nourishment of the rule of law in Northern Ireland is important to all other democracies, including the United States, on objective moral grounds, but equally importantly because the test is one of universal principle.

In Northern Ireland, as in the Irish Republic, crime is a relatively minor matter. Though complaints grow, and Dublin has begun to experience some of the common street-crime anxieties of other modern cities, the incidence of criminal violence and even of burglary, fraud and the like is small.

The test of justice in Ireland has to do, almost entirely, with the Provisional Irish Republican Army (IRA) and its splinters and with Protestant-based terrorists. The Irish Republic suffers also to a significant and troubling extent. Its laws and its government's dedication to extinguishing the IRA by legal means are closely parallel to those of government in Northern Ireland.

The main emphasis of the IRA terrorists today, however, is in Northern Ireland and Britain. For reasons of long-range strategy and of public-relations appeal to their supporters, especially in the United States, the IRA minimizes spectacular activities in the Republic. Consequently, the most agonizing test is the primary responsibility of the British government.

The beginnings of the current dozen years and more of violence in Northern Ireland took sustenance from the civil rights movement in the United States, and its impact in continental Europe and elsewhere. Television played a defining role. The moving images of confrontation, especially in the American South, inspired Catholics in Northern Ireland to insist on equity and fairness and dignity that had been methodically denied them by Protestant-dominated local government.

The British government interceded with troops and ultimately by suspending the local government. For all the rightness of those intentions, the efforts went sour. Within months, Catholics began to feel more harassed than protected. The IRA deftly exploited that weakness, and continues to.

There is a lesson to take from the American experience. The history of the U.S. civil rights movement in the 1950s, 1960s and 1970s contains one overriding truth: Equal-

ty and fairness can be achieved credibly only through the rule of law—strict accountability of citizens and officials alike.

For all the vital importance of marches and acts of great personal risk and courage, the enduring accomplishments in America came through the courts and then the Congress. The law of the land was challenged with fire and fury. It was submitted to crucibles heated by the hate of injustice. Out of that molten mass came voting and employment rights and other vital, institutionalized principles of individual liberty and security. In a responsive democracy, that process is unceasing. American democracy is far from perfected. Yet what sane American could question the real progress of that period and that process?

The leaders of the IRA and their supporters, in Ireland and outside it—far more than their Protestant counterparts—are extraordinarily politically sophisticated. They recognize that their appeal is increased by every incident that leads to a public perception that they are benevolent, romantic freedom fighters being repressed—and the more brutal that repression appears, the more effective it is for the purposes of their public image.

Laid bare, the Provos' appeal, and their base of power and pool of potential recruits and fund-raising in the United States and elsewhere, would be minuscule. Their purpose would be far more widely seen as it is today by the overwhelming preponderance of political and intellectual leaders in the Republic, and among Catholics of Northern Ireland.

Their perception is that the Provisional Sinn Fein's intent is to precipitate a bloody civil war among the almost half-million Catholics and more than one million Protestants of the North. In that view, the ultimate objective is to drive into the South and to wrest political control of the entire island, which the Provos then would hope to dominate as a radical socialist totalitarian state.

The terrorists are not ordinary criminals. Many of them stand by the IRA's refusal to acknowledge the legitimacy of the government and the courts, and thus refuse counsel and obstruct due process in every possible way, often to their disadvantage—as exemplified by the prison protests and hunger strikes.

The manners and methods of police, military and criminal justice activities against the terrorists, then, are vastly more difficult than those which would serve adequately in ordinary criminal circumstances. The responsible authorities of Britain and the Irish Republic are faced not with a crime problem, but the challenge of terrorist insurrection.

That alone poses serious problems. They are intensified by the fact that the Royal Ulster Constabulary (RUC), Northern Ireland's police force, traditionally has been a Protestant preserve. Its now discredited and disbanded reserve force, the "B-Specials" were a major focus of the civil rights protests of the late 1960s and a significant cause of the British government's decision to intervene to protect Catholics from appalling excesses.

Significant efforts have been made since then to try to make criminal justice more equitable. The RUC is still more than 90 percent Protestant (precise figures are not available). The IRA's methodical assassinations and woundings of Catholics who join the force have been an effective deterrent to recruitment—as has the inescapable fact

that the force is still looked on by many as anti-Catholic.

Despite a long-range, significantly successful policy of reducing the army force and role in favor of an expanded and professionalized RUC, the most dangerous sections of Northern Ireland are patrolled by British army units and a locally recruited military reserve, the Ulster Defense Regiment. The soldiers are mainly English and Scots—not Irish—and tend to be insensitive to the Irish, especially Catholics. The UDR is almost entirely Protestant Northern Irish, and unquestionably contains a substantial number of thoroughly anti-Catholic zealots.

All that, combined with the nature of terrorism, has made it impossible to establish and maintain a system of policing and criminal justice which is seen and accepted by the entire population of Northern Ireland as fair, firm and effective. Nevertheless, it is vital to the hopes for peace and stability, and in objective moral terms, that the entire criminal justice system in Northern Ireland—and in the Republic—be accurately perceived by the largest possible number of people as professional and fair.

Americans can make significant contributions to that goal. To do so is to serve the broad interests of the Irish people and all Ireland.

The most obvious contribution is to understand the problem and its importance, and to avoid with the most demanding skepticism the calls to Irish-Americans and others to see it in simplistic terms that only contribute to the intensification and duration of the violence.

Intelligent skepticism must be brought to the other side as well. As with abuse and neglect of due process in the United States, constant vigilance is the most powerful counterforce against erosion of the rule of law. Even the best-intentioned political leaders and administrators of criminal justice systems are nourished in their efforts by public exposure and criticism of failings under their jurisdictions. Negligent ones, or worse, are goaded to action only by exposure and pressure.

Public opinion in the United States is taken very seriously in Ireland and in Britain. Serious study by American academics, civil-liberties groups and concerned professionals can be of very significant value.

Finally, the rule of law will be sound and secure in Ireland, north and south, only when terrorism and the resentments from which it takes its murderous nourishment are restrained. In that long course, if it is to come, American understanding, support and good will—in forms which will be examined in detail—will be of vital importance.●

THE 200TH ANNIVERSARY OF THE FOUNDING OF SAN BUENAVENTURA MISSION

HON. ROBERT J. LAGOMARSINO

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Thursday, February 25, 1982

● Mr. LAGOMARSINO. Mr. Speaker, I bring to the attention of my colleagues in the House a historical event of my community which will occur in March of this year. March will mark the 200th anniversary month of the founding of Mission San Buenaventura by Fray Junipero Serra in 1782.

To commemorate this historic occasion, the city of Ventura, in cooperation with the San Buenaventura Mission Bicentennial Committee, the city of Ventura Recreation Department, the Ventura County Historical Museum, the Historic Preservation Commission, along with numerous other clubs, organizations and volunteers, has chosen March 27 and 28 as official days of celebration.

During the celebration, our community will offer special exhibits, displays, and demonstrations intended to authentically recreate the atmosphere of the original, frontier-mission days.

It is with great pride that I commend my community before the House and praise its citizens for their effort and dedication in making this celebration a success.●

TERRORISTS, COMMUNISTS, AND RADICAL INTELLECTUALS MANIPULATE THE ANTIKLAN ISSUE

HON. LARRY McDONALD

OF GEORGIA

IN THE HOUSE OF REPRESENTATIVES

Thursday, February 25, 1982

● Mr. McDONALD. Mr. Speaker, totalitarian Marxist-Leninist groups traditionally seek to provoke confrontation and violence as a method for polarizing society, for destroying moderation, balance, harmony, and cooperation. The Communists attempt to break down society into conflicting, not cooperating groups based on age, race, national origin, sex, income, and virtually any other viable category. Their hope is that eventually, with sufficient agitation and pressure, our society will destroy itself in a revolutionary civil war.

To this end, Communist groups exacerbate grievances wherever they exist and seek to create them where they do not. Since 1975 when support for the Vietnamese Communists was dropped as the chief left priority, a number of Communist groups have commenced campaign of deliberate provocation of neo-Nazi sects and various Ku Klux Klan organizations.

Two years ago, I reported on the activities of the Communist Workers Party (CWP)—formerly called the Workers Vanguard Organization—in North Carolina. Eventually, on November 3, 1979, CWP provocation and "Death to the Klan" threats brought the predictable shootout in Greensboro, N.C., between the CWP and a group of neo-Nazis and klansmen. CWP members were armed with revolvers and pistols; their opponents had rifles and shotguns. Five CWP leaders were shot to death.

In death, the five have been far more valuable to the Communist

Workers Party than they were alive. The CWP has set up several front groups including the Greensboro Justice Fund and People United Against Government Repression, the Klan and Nazis (PUGRKN) for fundraising and to make contacts with other militant, revolutionary and terrorist organizations.

Within 3 months of the Greensboro shootout, most of the U.S. left had rallied to support the armed, violent CWP. Although the CWP's ideology is drawn from Mao Tse-tung, leaders of the Moscow-line Communist Party, U.S.A. (CPUSA) and its various fronts took leading roles in organizing propaganda support and legal aid for the CWP. Through the Southern Organizing Committee for Economic and Social Justice (SOCESJ) led by Anne Braden, and activists from the National Lawyers Guild (NLG), the CPUSA persuaded a number of civil rights movement groups to support the CWP defendants.

Late in 1980, two groups emerged from this shrill leftist propaganda smearing as "KKK" all conservatives. These are the National Anti-Klan Network (NAKN), led by CPUSA organizer Anne Braden, and CWP-controlled People United Group (PUGRKN).

The second annual conference of People United, held at the University of Maryland Baltimore Campus (UMBC), February 13-14, 1982, demonstrated working collaboration with the CWP from the Marxist think-tank, the Institute for Policy Studies (IPS), that provides support to many Soviet and Cuban-backed terrorist movements; members of the terrorist Weather Underground Organization (WUO) and its myriad fronts such as the John Brown Anti-Klan Committee (JBAKC); the terrorist Black Liberation Army (BLA); the Republic of New Africa (RNA); revolutionary prisoners; and documented CPUSA front groups and affiliates of Soviet-controlled international Communist fronts including the National Committee Against Repressive Legislation (NCARL), and the National Lawyers Guild (NLG).

Entitled "Government Repression and the Klan/Nazis in America Today: Origins and Strategies for Opposition," the conference attracted nearly 250 people who paid registration fees ranging from \$5 (students/unemployed) to \$15 (regular). The meeting was hosted by the UMBC Black Student Union and was cosponsored by the Baltimore City chapter of the NAACP.

Principal organizer of the event was Rene DuBose, a CWP activist serving as PUGRKN cochair and based in Washington, D.C. Assisting Miss DuBose with all matters of strategy and policy was Elliott Fradkin, an instructor at several local colleges.

Following welcoming statements by UMBC Black Student Union representatives, the conference was addressed by Dr. Emmett Burns, regional director of the NAACP. After describing his role in civil rights organizing in Mississippi in the 1960's, Burns called for the impeachment of President Reagan for his racist and antisocial programs.

The customary historical overview, entitled "The Relationship of Government between the Klan/Nazis," was provided in the afternoon keynote speech by Manning Marable, a leader of the Marxist National Black Independent Political Party (NBIPP) and member of the African Studies Department at Cornell.

With Rene DuBose acting as moderator, the keynote panel, the "Klan/Nazis Movement Today and How to Fight It," featured Anne Braden, a veteran of the Communist Party, U.S.A. (CPUSA), leader of the Southern Organizing Committee for Economic and Social Justice (SOCESJ), and coinitiator of the National Anti-Klan Network (NAKN), regional vice president (RVP) of the National Lawyers Guild (NLG); Brenda Joyner of the Feminist Women's Health Center; and Rev. Ken White of the Anti-Klan Task Force of the NAACP Caroline County chapter; and Ken Lawrence of the Covert Action Information Bulletin (CAIB) and member of the antirepression resource team.

Workshops and their slated leaders included:

What to do When the Klan Plans to Rally in Your Neighborhood—Rev. Ken White, NAACP Anti-Klan Task Force, Caroline County; Dale Sampson, Communist Workers Party (CWP) and "survivor of Greensboro Massacre;" and Jim Macnamara, founder of Those United Against Fascism (TUFF).

What to do When the Klan Plans to Rally in Your Neighborhood/How to Build Coalitions—Mr. Davis, Concerned Citizens of Greensboro, executive board, NAACP; Lewis Pitts, Christie Institute, attorney on Greensboro Civil Suit; Rene DuBose; TUFF representative.

Religious Community's Response to Klan/Nazis Violence—Rev. Nash, United Methodist Church Anti-Klan Task Force; Rev. Brooks, Concerned Citizens of Greensboro, Brenda Blum, editor, Voices of Resistance, a PUGRKN newsletter.

The Right Wing Attacks on Lesbian and Gay Rights—Frosty Grey, Feminist Women's Health Center.

Repressive Legislation: "Moral Agenda"—Human Life Amendment, Family Protection Act, Human Life Bill—Laura Murphy, American Civil Liberties Union (ACLU); Irene Revielle, Ad Hoc Family Protection Act Committee.

Curtailment of Civil Liberties: Freedom of Information Act; Intelligence Identities Protection Act; Blitz Amendment—Carolyn Kazdin, Political Rights Caucus chair for PUGRKN and its representative to the Campaign for Political Rights (CPR) [formerly the Campaign to Stop Government Spying]; Dorothy "Dori" and Allen Blitz. The discussion focused on the "Blitz

Amendment" attached by Rep. Dan Daniel to the Health and Human Services appropriation which became law on 12/15/81. The amendment denies CETA program funds to individuals who have "advocated the overthrow of the government in the last five years."

Dori Blitz, a public CWP cadre member, and her husband, a CWP sympathizer, participated in the November 3, 1979, Greensboro shootout. Dori Blitz, not as a CWP member but as the leader of a rank-and-file movement in a Teamsters local, was to have spoken at the rally. CWP Central Committee member Paul C. Bermanzohn, who was shot during the incident, wrote an account of shootout in which he said:

I looked up and in the middle of all the gunfire stood Dori Blitz with a pistol, shooting * * *. Later I learned her husband, Alan, also shot back. Both of them were charged with "felonious rioting," along with the rest of the Greensboro Six.

When they were fired, they were able to devote even more time to organizing for the CWP because they no longer had to work for a living—the U.S. taxpayers were footing the bill.

With the support of the National Committee Against Repressive Legislation (NCARL), CPR and the ACLU, workshop leaders outlined a pressure campaign that will be mounted on Congress against any future efforts to restrict Federal money to professional revolutionaries organizing to overthrow our government. They noted that the restriction is to expire on March 31.

Repressive Legislation: Attacks on Labor—Ross Eisenbrey, Law Project; Garris McFadden, president, Local 35, International Longshoremen's and Warehousemen's Union (ILWU); Rob Duncan, Committee to Defend the NASSCO Workers, a support group for three CWP members and supporters arrested in September 1980 and convicted last year of conspiring to sabotage a substation supplying electricity to a San Diego shipyard.

Fighting Racism on Campus—Manning Marable, African Studies Department, Cornell University; David Organ, Black Student Union, Johns Hopkins University; Ron Hantz, Black Student Organization, UMBC.

Meida's Responsibility in Reporting Right Wing Activities—Michael Parenti, Institute for Policy Studies (IPS).

Who Funds the Right?—Jim MacNamara, Citizens for Justice (founder of TUFF); Phyllis Jones, Common Capital Fund.

Political Prisoners: Freedom Fighters or Criminals—Alan Shulman, N.Y. Anti-Klan Network; Akil Al-Jundi, Attica Brother, New York 3 Freedom Campaign; Frank Khali Abney, "former political prisoner and one of the principal organizers against the Ku Klux Klan presence in the prisons of New York State;" Anne Shepard, one of the Wilmington 10.

International Connections of Neo-Fascist Groups in the U.S.—Lenny Zeskin, Sojourner Truth Organization (STO).

How Blacks and Jews Can Combat Rise of Anti-Semitic and Racist Violence—Lisa and Geronimo Buckman, New Jewish Agenda,

D.C.; Paul Bermazohn, CWP; and "special guest" Tema Bermazohn.

Current FBI and Grand Jury Harrassment of Political Activists—Linda Backiel, Grand Jury Project and NLG; Jim Cobens, CPR; Stewart Kwoh, attorney for Legal Alliance. A major focus of this workshop was the defense of the Weather Underground Organization (WUO) and Black Liberation Army (BLA) members charged with first degree murder and armed robbery in Nyack.

Discussion utilized materials from the International Committee to Free Richard "Dhoruba" Moore, c/o Fink and Eustis, 383 Pearl Street, Brooklyn, N.Y. 11201; the WUO's Coalition to Defend the October 20th Freedom Fighters, P.O. Box 254, Stuyvesant Station, New York, N.Y. 10009; the WUO's John Brown Anti-Klan Committee (JBAKC), Washington, D.C., and Chicago chapters; Committee to Honor New Afrikan Freedom Fighters (CHNAFF); and the PUGRKN newsletter, Voices of Resistance, that featured an article by CWP activist Dale Sampson attacking the Nyack grand jury investigations as a witchhunt.

Sampson wrote:

The real terrorists here are clearly the U.S. government and their agents. For this member of People United, who's husband was killed in Greensboro by the Klan, Nazis and government agents, this appears like one more step to the government setting up their repressive apparatus.

I would note that during the inauguration of President Reagan, the terrorist Weather Underground Organization, marching as the JBAKC, demonstrated outside the Department of Justice. In the crowd were Judy Clark, one of the Nyack murder and robbery defendants; Eve Rosahn, whose own car was used as one of the getaway vehicles at Nyack; and Federal fugitive Marilyn Buck of the Black Liberation Army. Buck was carrying a placard reading, "FBI—the real terrorists."

Others names in the program as featured workshop leaders included Dr. Michio Kaku, antinuclear activist; Chris Williams, northeast RVP, NLG; Julian Bond, Georgia State senator; Mrs. Enolia MacMillan, president, Baltimore City NAACP; Charles Stewart, press officer, NAACP; and David Organ, Black Student Union, Johns Hopkins University.

Militant PUGRKN speakers continually suggested that the only really effective way to cope with the Klan and the right wing which they extended to include the agencies of the U.S. Government and the administration, was with armed violence. The intention of learning the lesson of Greensboro was plainly to mix better political organizing work with increased firepower.

It was apparent that the legal defense work in Greensboro and the armed violence in Nyack have developed a working relationship among the networks of supporters of the Black Liberation Army (BLA), Republic of New Africa (RNA) and Weather

Underground Organization (WUO) with the CWP. Despite the CWP's ideological clinging to Mao Tse-tung, these support groups include several fronts controlled by the CPUSA and affiliates of international Soviet-controlled fronts. These U.S. groups include the National Committee Against Repressive Legislation (NCARL), the NLG and the National Conference of Black Lawyers (NCBL), both affiliates of the International Association of Democratic Lawyers (IADL).

While the strong influence of the CWP was evident in the workshops and in the showing of a film on the Greensboro gunbattle, "Red November, Black November," other violence-oriented revolutionary groups had representatives present in workshops and distributing literature. These included, in addition to the various terrorist groups mentioned earlier, the Revolutionary Communist Party (RCP); Workers World Party (WWP), the WWP's new front, the All-People's Congress (APC); and a support group for a California prison gang, the Coalition to Support Black August, of Oakland, Calif.

Among the groups endorsing the PUGRKN conference were:

- Communist Workers Party (CWP).
- New American Movement (NAM), Baltimore.
- International Socialist Organization (ISO).
- Revolutionary Socialist League (RSL).
- Workers World Party (WWP).
- Progressive Student Union, Johns Hopkins University (JHU).
- Radical Union, UMBC.
- Black Student Unions of UMBC and JHU.
- National Lawyers Guild (NLG), Baltimore and Columbus chapters.
- New Jewish Agenda (NJA), Baltimore and District of Columbia chapters.
- Chutzpah, Chicago.
- National Anti-Klan Network (NAKN), New York and D.C. chapters.
- Those United to Fight Fascism (TUFF), Columbus, Ohio, Charlotte, N.C.; and Pittsburgh chapters.
- D.C. Feminist Alliance.
- Feminist Women's Health Center, Tallahassee.
- Jonah House/Phillip Berrigan, Baltimore.
- RAP, Inc.●

U.S. TAX COURT RULES ON ACCRUAL ACCOUNTING OF RECLAMATION EXPENSES

HON. DON BAILEY

OF PENNSYLVANIA

IN THE HOUSE OF REPRESENTATIVES

Thursday, February 25, 1982

● Mr. BAILEY of Pennsylvania. Mr. Speaker, on October 22, I introduced with Representatives MURPHY, GAYDOS, and MURTHA the Mining Reclamation Reserve Act of 1981, H.R. 4815.

The intent of our bill is to clarify existing law and eliminate the confusion

about whether an accrual-basis taxpayer is entitled to take current deductions for the estimated future expenses of complying with the surface mining reclamation requirements of both Federal and State law. Previous court holdings in *Denise Coal Company* against Commissioner and *Harrold* against Commissioner started to settle this question. However, in 1978, an Internal Revenue Service letter ruling (LTR 7831003) disallowing an expense deduction for future reclamation costs again raised the question and confused the direction of future rulings for surface mining operators.

In particular, the questions raised by these conflicting rulings evolve around whether a surface mining operator has incurred a reclamation expense liability when he conducts surface mining operations that are regulated by Federal and State reclamation laws which require restoration of the surface following specific plans. Second, if such a liability is incurred, the IRS may question whether the expenses of reclamation can be estimated with reasonable accuracy. If a liability has been incurred and can be estimated with reasonable accuracy, a deduction is allowed in a current tax year; otherwise, the deduction may not be allowed until after the reclamation activities have been completed.

Our bill answers these questions. We have addressed the first question by stating that a liability is incurred by an operator as mineral is mined if, in the course of applying for a surface mining permit, he filed a qualified reclamation plan pursuant to the Surface Mining Control and Reclamation Act of 1977 or a State law imposing substantially similar reclamation requirements. With respect to the question of the accuracy of estimated future expenses, we believe that the required plan itself includes factors that bear on the reasonableness and accuracy of the estimated reclamation expenses. In particular, plans submitted under section 508 of the Surface Mining Control and Reclamation Act include items such as geological and engineering reports that clearly delineate the extent of future reclamation and thus the extent of the liability incurred.

While our bill gives direction for mining operators who use accrual accounting, I am pleased to note that a recent U.S. Tax Court ruling lends support to our interpretation of the issues and how they should be resolved. In *Ohio River Collieries* against Commissioner, the court ruled that an accrual-method operator engaged in the strip mining of coal could deduct his reclamation costs when the surface was stripped. The court said that a liability did exist inasmuch as Ohio had enacted a comprehensive reclamation statute that required the State to approve a reclamation plan

before issuing a strip mining license and the operator to deposit a surety bond to the State in the event he failed to perform his reclamation duties. The parties to this case stipulated that the estimated expenses of fulfilling the reclamation plan were determined with reasonable accuracy. Thus, the question for the court was whether the operator could deduct the reasonable estimate of the cost of reclamation in the year in which the duty to reclaim first arose. The court ruled that the operator could.

The importance of this ruling is that the court recognized the claim that a liability was incurred when the operator disturbed the overburden. Once the liability was incurred, the court stated that it could be deducted as a business expense in that year. The court did not interpret the "all the events" test of the income tax regulations to mean that all reclamation activities had to be completed before the deduction could be taken.

Since the court found it unnecessary to rule on the accuracy of the future reclamation expense, I am encouraged to note that the Internal Revenue Service apparently accepted the reclamation plan required under Ohio law as sufficiently detailed to settle this question. In our bill, we adopt a similar approach as did the parties to this case. We believe the requirements imposed by section 508 of the Surface Mining Control and Reclamation Act or any State law imposing substantially similar requirements are sufficiently detailed to answer any question about the reasonable accuracy of the future reclamation expenses.

Since this Tax Court decision is important in addressing some of the same issues as H.R. 4815, I have included it with my remarks today:

[U.S. Tax Court, 77 T.C. No. 103]

OHIO RIVER COLLIERIES COMPANY, PETITIONER
V. COMMISSIONER OF INTERNAL REVENUE,
RESPONDENT

DOCKET NO. 13483-78, FILED DECEMBER 31,
1981

Petitioner, a taxpayer using the accrual method of accounting, is engaged in strip-mining coal in Ohio. Under the law of that State, strip-miners are required, *inter alia*, to file a reclamation plan accompanied by a surety bond equal to the total estimated reclamation cost. The parties agree that petitioner's estimate of the cost of reclamation work required by the reclamation law, but not accomplished as of the close of the taxable year in question, was computed with reasonable accuracy. *Held*, petitioner may deduct its accrued reclamation costs for the taxable year in question since as of the close of the year all the events had occurred which determined the fact of liability and the amount thereof could be and was determined with reasonable accuracy. Section 1.461-1(a)(2), Income Tax Regs., applied. To the extent inconsistent herewith, *Harold v. Commissioner*, 16 T.C. 134 (1951), *revd.* 192 F.2d 1002 (4th Cir. 1951), will no longer be followed.

Robert E. Glaser, E. Morgan Maxwell III
and William W. Wehr, for the petitioner.

Jack E. Prestrud, for the respondent.

OPINION

NIMS, Judge: Respondent determined deficiencies in petitioner's income tax for the tax year ending June 30, 1975, in the amount of \$112,515.67. Petitioner claims an overpayment of income tax in the amount of \$85,166.80 for such year.

Due to concessions by the petitioner the only issue remaining for decision is whether petitioner, an accrual basis taxpayer, may deduct the reasonably estimated expenses necessary to satisfy its obligation under Ohio law to reclaim strip-mined land in the year it incurred the obligation.

The facts of this case are fully stipulated. The stipulation and its attached exhibits are incorporated herein by reference.

Petitioner, an Ohio corporation, maintained its principal office in Bannock, Ohio, at the time the petition in this case was filed.

Petitioner, at all relevant times, was an accrual basis taxpayer. It regularly kept its records using the accrual method of accounting.

Ohio River Collieries Company (hereinafter "petitioner") strip-mined coal exclusively in Ohio. Strip-mining involves the removal of topsoil and the overburden from above the coal seam, followed by removal and sale of the coal and reclamation of the affected area.

In April, 1972, Ohio enacted a comprehensive reclamation statute which regulated the strip-mining of coal during the tax year before us.¹ Operators needed a strip-mining license before they could strip-mine coal. The State issued a license only after it approved a plan for mining and reclamation and after the operator deposited a surety bond payable to the State if the operator failed to perform (*inter alia*) its reclamation duties.

The Ohio law details requirements for refilling, grading, reseedling and planting mined areas. These activities, except plantings, had to be completed within 12 months after mining ceased. Reclamation also was required as mining progressed whenever possible. Planting has to occur in the next appropriate season following completion of refilling, grading and reseedling. Status reports by the operator and periodic inspections by the State monitored compliance.

The operator's bond was for payment of an amount of money equal to the estimated cost to the State to perform the reclamation required by the statute. The bond would not be released until the State was satisfied that the operator had fulfilled its reclamation duties.

If an operator failed to perform any of its reclamation obligations the State reclaimed the land and satisfied its costs from the fund created by the bond. If the costs exceeded the funds available from the bond then the operator was personally liable for the amount of money required to complete the reclamation.

Operators violating the Ohio reclamation law also faced potential civil and criminal penalties.

Ohio has required full compliance with the law at all times since the statute's enactment.

Petitioner performed its reclamation duties within the time required by the law. Petitioner did substantially all of the reclamation work itself.

The petitioner's estimate of the cost of reclamation work required by the reclama-

tion law, but not accomplished as of June 30, 1974, was \$150,527.86. The petitioner's estimate of the cost of reclamation work required by the reclamation law, but not accomplished as of June 30, 1975, was \$397,883.00. The parties stipulate that these estimates were determined with reasonable accuracy.

All of the reclamation work required by Ohio law, but not accomplished as of June 30, 1974, was completed by petitioner during the fiscal year ended June 30, 1975. Consequently, the estimate for work not accomplished as of June 30, 1975 is the unfinished reclamation obligation arising from the stripmining which occurred during the tax year ended June 30, 1975.

Petitioner accrued on its books and claimed as a deduction for federal income tax purposes the estimated cost of reclamation work required by Ohio law but not accomplished as of the end of the pertinent fiscal years ended June 30, 1973, June 30, 1974 and June 30, 1975. Respondent disallowed the deduction for the tax year ended June 30, 1975.

The question presented to us is whether petitioner, an accrual basis taxpayer, may accrue and deduct as a section 162² business expense the reasonable estimate of the cost of fulfilling the reclamation obligation in the year in which the duty to reclaim arose.³ The parties agree that application of the "all of the events" test contained in section 1.461-1(a)(2), Income Tax Regs., determines the result in this case.⁴ The dispute concerns the interpretation of that test.

Section 461(a) states the general rule that a taxpayer is allowed a deduction in "the taxable year which is the proper taxable year under the method of accounting used in computing taxable income," and the regulations elaborate on this general provision. For accrual basis taxpayers, such as petitioner, section 1.461-1(a)(2), *supra*, provides in part as follows:

"Under an accrual method of accounting, an expense is deductible for the taxable year in which all the events have occurred which determine the fact of the liability and the amount thereof can be determined with reasonable accuracy. . . . While no accrual shall be made in any case in which all of the events have not occurred which fix the liability, the fact that the exact amount of the liability which has been incurred cannot be determined will not prevent the accrual within the taxable year of such part thereof as can be computed with reasonable accuracy."

The "all of the events" test appearing in the quoted portion of the regulations was first enunciated in *United States v. Anderson*, 269 U.S. 422 (1926), wherein the Supreme Court stated (pp. 440-441):

"Only a word need be said with reference to the contention that the tax upon munitions manufactured and sold in 1916 did not accrue until 1917. In a technical legal sense it may be argued that a tax does not accrue until it has been assessed and becomes due; but it is also true that in advance of the assessment of a tax, all the events may occur

¹ Unless otherwise indicated, all section references are to the Internal Revenue Code of 1954 in effect for the year in question.

² The parties agree that the reclamation costs are properly deductible as a business expense. The controversy concerns only the year in which petitioner may take the deduction.

³ Respondent does not argue that petitioner's accounting method does not clearly reflect income. See section 446(b).

⁴ Ohio Rev. Code Ann. ch. 1513 (Page 1978).

which fix the amount of the tax and determine the liability of the taxpayer to pay it. In this respect, for purposes of accounting and of ascertaining true income for a given accounting period, the munitions tax here in question did not stand on any different footing than other accrued expenses appearing on appellee's books. * * *

It is apparent from the *Anderson* holding and from the principles set forth in the regulations that petitioner must satisfy two requirements before it properly may deduct the accrued reclamation expenses during the tax year ended June 30, 1975:

(1) All of the events which determine petitioner's reclamation liability must have occurred before the end of the tax year in issue. *World Airways, Inc. v. Commissioner*, 62 T.C. 786, 797 (1974); *Thriftmart, Inc. v. Commissioner*, 59 T.C. 598, 611-613 (1973); *Oberman Manufacturing Co. v. Commissioner*, 47 T.C. 471, 477 (1967). This requirement prevents the deduction of an expenditure that might never be made. *World Airways, Inc. v. Commissioner*, supra at 802; *Money Aircraft, Inc. v. United States*, 420 F.2d 400, 406 (5th Cir. 1969).

(2) Petitioner must have been able to estimate with reasonable accuracy during the tax year ended June 30, 1975, the amount of the reclamation expenditure to be made in subsequent years. *World Airways, Inc. v. Commissioner*, supra at 797, 805; see also *Crescent Wharf & Warehouse Co. v. Commissioner*, 59 T.C. 751, 759-760 (1973), revd. on another point 518 F.2d 772 (9th Cir. 1975). This requirement provides an element of certainty, although it is not essential that the precise amount of the expenditure be definitely ascertained. *Peoples Bank & Trust Co. v. Commissioner*, 50 T.C. 750, 755 (1968); see also *Brown v. Helvering*, 291 U.S. 193 (1934), *Harrold v. Commissioner*, 192 F.2d 1002, 1006 (4th Cir. 1951). The failure to satisfy either requirement of the foregoing two-step test would be fatal to petitioner's claim. *Southern Pacific Transportation Co. v. Commissioner*, 75 T.C. 497, 634 (1980) (Issue (bbb)).

Since the parties have stipulated that the petitioner's estimate of the cost of reclamation work required by the Ohio reclamation law as of June 30, 1975, was determined with reasonable accuracy, part two of the regulation's two-step test is satisfied. This fact therefore distinguishes this case from such prior decisions of this Court as *Denise Coal Company v. Commissioner*, 29 T.C. 528 (1957), revd. 271 F.2d 930 (3rd Cir. 1959); *Vincent v. Commissioner*, 19 T.C. 501 (1952), affd. sub nom. *Commissioner v. Gregory Run Coal Co.*, 212 F.2d 52 (4th Cir. 1954); *Patsch v. Commissioner*, 19 T.C. 189 (1952), affd. 208 F.2d 532 (3rd Cir. 1953); where, in each instance, we held that the amount of reclamation expenditures after strip-mining were not susceptible of computation with reasonable accuracy as of the close of the year. For example, in *Patsch* we found that the facts there "cast grave doubt on the reasonableness of the estimates on which the reserves were based, and on the partnership's ability to estimate in the taxable years with reasonable accuracy the cost of backfilling the mined areas." 19 T.C. at 199.

In *Denise Coal Company*, the evidence showed that the "cost of restoring each acre or tract varied greatly," and we found that "there has been no showing to our satisfaction that the amounts estimated were reasonably accurate." 29 T.C. at 549. As stated, this is not our case.

We think it is essential to focus on the fact that the tax accounting problem con-

fronting us results from two separate and distinct events: the strip-mining itself, which created this liability, and the reclamation, which created the cost. It is this factual distinctiveness which makes the problem unusual. In *Southern Pacific*, supra, for example, we were dealing with a unified "event"; i.e., the proper year for deducting accrued vacation pay; here, the factual setting is bifurcated.

It may readily be seen, however, that having stipulated that reclamation costs were reasonably estimated, respondent has substantially circumscribed his area of maneuverability. By making this stipulation, respondent is precluded from arguing that events occurring in the succeeding year or years might substantially alter the cost of the reclamation. Apparently, fully accepting this constriction, he focuses his argument instead on petitioner's "liability to pay." Respondent's position is stated in the following manner in his brief: "It is respondent's position that this taxpayer's statutory duty to reclaim did not create any liability to pay and that the deduction claimed is therefore not allowable. Rather, the expense of reclamation will be deductible only when, as and if the reclamation is performed." (Emphasis in brief.)

Respondent's liability-to-pay approach is, in actuality, an argument that the reclamation expenses are deductible only when, as and if the reclamation is performed, as above-quoted from his brief. Such an argument, however, flies in the face of the reality of the Ohio law, which requires the strip-miner to estimate his reclamation cost and post a surety bond to cover it. Accordingly, once these two acts have been performed followed by a third, the intended strip-mining, the liability becomes certain. Either the strip-miner performs the reclamation or he forfeits the bond. There is nothing whatever in this record to support respondent's argument that petitioner might do neither.

We think that this case presents a question similar to the issue addressed in *Lukens Steel Company v. Commissioner*, 52 T.C. 764 (1969), affd. 442 F.2d 1131 (3rd Cir. 1971).⁴ In that case the taxpayer agreed to make certain payments to a trust fund under a supplemental unemployment-benefit plan in accordance with a collective bargaining agreement. The taxpayer's total liability to the trust for a year was fixed as to existence and amount by reference to events which occurred during that year, with the ultimate payment of part of this amount to the trust being uncertain as to time but reasonably certain in fact. Although there was uncertainty during the tax years with regard to the ultimate recipients of the benefits and the time of the payments from the taxpayer to the trust and from the trust to the ultimate recipients, we held that the taxpayer was entitled to accrue and to deduct the amount representing its liability to pay in the future to the trust.

In the *Lukens Steel* case, as in this case, the taxpayer became obligated in the tax year to pay an amount of money in the future. In that case, as in this case, the ultimate recipient of the payment and the timing of the payment were unknown. Respondent, in both cases, would deny the accrual and deduction until the year in which the taxpayer is obligated to pay cash immediately to an identified person. Rev. Rul. 76-

345, 1976-2 C.B. 134; Rev. Rul. 72-34, 1972-1 C.B. 132. In *Lukens Steel* we held that the all-events test was satisfied by "a liability fixed as to existence and amount by reference to facts existing during the taxable years with its ultimate payment reasonably certain in fact but indeterminate during the years of accrual with regard to the ultimate recipients' exact shares of the accrued amounts and with regard to the times of actual payouts * * *" [52 T.C. at 785-786.]

The same rule properly applies in this case. During the tax year, petitioner's obligation to reclaim, and thus its liability to pay reclamation expenditures, was fixed by the fact of strip-mining and, by concession of the parties, fixed as to amount. The fact that the recipients of petitioner's reclamation payments and the relative portions that they would receive were not identified in the tax year is irrelevant. Petitioner need not wait until the reclamation work is done before it can accrue and deduct the anticipated reclamation expenses where, as here, the events fixing the fact of liability to pay these expenses occurred during the tax year.

A decision for petitioner in this case requires us to confront and deal with an earlier decision of this Court, which reached an opposite result: *Harrold v. Commissioner*, 16 T.C. 134 (1951), revd. 192 F.2d 1002 (4th Cir. 1951). The *Harrold* case dealt with the deductibility of a partnership's reclamation costs under the West Virginia strip-mining law. At the end of 1945, the year in question, the partnership estimated and accrued on its books as a liability the sum of \$31,090 as the cost of backfilling the strip-mined area, which we found to be "in accord with sound accounting practices." The taxpayers argued that they were under contractual and statutory liability, during the taxable year when mining, to backfill or replace the surface of the property mined, and had executed bond to the State to guarantee performance. Therefore, in order correctly to reflect true income they could and should deduct in the taxable year the aforementioned estimated cost. Finding for the Commissioner, we held that a general obligation, such as to renovate, or restore, property, is not such a liability as to be the basis for deducting a reserve based upon an estimate of the future cost of such work. 16 T.C. at 139. See also *Spencer, White & Prentiss, Inc. v. Commissioner*, 144 F.2d 45 (2nd Cir. 1944), affg. a Memorandum Opinion of this Court.

The Fourth Circuit Court of Appeals reversed our holding in *Harrold*, holding that "when all the facts have occurred which determine that the taxpayer has incurred a liability in the tax year, and neither the fact nor the amount of the liability is contested, and the amount, although not definitely ascertained, is susceptible of estimate with reasonable accuracy in the tax year, deduction thereof from income may be taken by a taxpayer on an accrual basis." *Harrold v. Commissioner*, 192 F.2d 1002, 1006 (4th Cir. 1951), revd. 16 T.C. 134 (1951).

In its opinion, the Circuit Court in *Harrold* also stated that "we think that the ability to make an approximate estimate should be the determining factor in each case, rather than the literal application of the formula that an asset or a liability may not be accrued in any taxable year prior to its liquidation * * *" (Emphasis added.) We agree with the Circuit Court's opinion that the liability may be accrued prior to its liquidation; provided, as here, the reasonable accuracy test of the regulation is fully met. Where the test is met, we reject respond-

⁴ We reaffirmed the *Lukens Steel* decision in *Reynolds Metals Co. v. Commissioner*, 68 T.C. 943 (1977). See also *Washington Post Company v. United States*, 186 Ct. Cl. 528, 405 F.2d 1279 (1969).

ent's "liability to pay" limitation on the regulation.

One of the issues in *Denise Coal Company v. Commissioner, supra*, involved the taxpayer's accrued reclamation expenses under the Pennsylvania Bituminous Coal Open Pit Mining Conservation Act of 1945. We there held for the Commissioner, partly following our *Harrold* decision, but also because the taxpayer failed to show that the estimated costs were reasonably accurate. This latter fact, in our opinion, distinguishes *Denise Coal* from the case before us. Our decision on the reclamation cost issue was reversed, however, by the Third Circuit Court of Appeals, partly on the basis of that Court's conclusion that the expenses were reasonably estimated, but also on the basis that "[t]he taxpayer on an accrual system of accounting will not have his books 'clearly reflect' the state of his income if he does not make such a reserve * * *." The Court further stated that *Denise Coal* is like *Harrold, supra*, and unlike *Patsch, supra*. *Denise Coal Company v. Commissioner*, 271 F.2d 930 (3rd Cir. 1959), revg. 29 T.C. 528 (1957).

In a case involving the deductibility of the accrued costs of completing a manufacturing contract, the Sixth Circuit Court of Appeals (the Court to which an appeal in this case would lie), relied upon the Fourth Circuit's decision in *Harrold, supra*, in holding that "[t]he fact that the accrued liability was based upon an estimate of costs does not * * * defeat deductibility." *Hilinski v. Commissioner*, 237 F.2d 703 (6th Cir. 1956), revg. a Memorandum Opinion of this Court.

In summary, we hold that petitioner has satisfied both facets of the all-events test of section 1.461-1(a)(2) of the Income Tax Regulations. Accordingly, we hold for petitioner. To the extent that *Harrold v. Commissioner, supra*, is inconsistent with this opinion, it will no longer be followed. We will continue to adhere to our decision in *Denise Coal*, however, in those cases where

we find that accrued costs are not susceptible of reasonable estimation. Furthermore, we deem it necessary to stress that the potential for abuse makes it essential that the all-events test of the regulations continues to be strictly construed in future cases of this nature before this Court, and that such cases are not viewed as occasions to judicially "reenact" the section 462 that the Congress repealed in 1955.

Decision will be entered under Rule 155.
Reviewed by the Court.●

AFGHANISTAN DAY

HON. ROBERT J. LAGOMARSINO

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Thursday, February 25, 1982

● Mr. LAGOMARSINO. Mr. Speaker, I wish to commend the efforts of the gentleman from Washington, Mr. PRITCHARD, and the gentleman from Pennsylvania, Mr. RITTER, for their initiative in keeping the plight of the Afghan people before this body and before the eyes of the American people.

With so much attention focused on El Salvador in recent weeks, many do not remember or care to acknowledge the real threat to peace in the world: the Soviet Union. The overt invasion of Afghanistan 2 years ago in December and the severe crackdown in Poland this past December are clear examples of the Soviet willingness to use force and repression to achieve its objectives in the world.

The people of Afghanistan have demonstrated that their devotion to freedom cannot be wiped out by the occupation of their country. Their continued resistance to Soviet domination is an inspiration to the free peo-

ples of the world, and designating March 21 as "Afghanistan Day" is a symbolic expression of our joining with the Afghan people to denounce Soviet aggression.

My past support for administration initiatives in reaction to the Soviet invasion of Afghanistan has not diminished with the passage of time. I joined Congressman DERWINSKI in cosponsoring his resolution last December, House Concurrent Resolution 157, which expresses the determination of Congress to support the right of all people to independence and autonomy, especially in the case of Afghanistan, that resolution and other forms of support for the Afghan people are worthy objectives demanding our continued energy and attention.

The continuing Soviet occupation of Afghanistan and the clear evidence of flagrant violations of human rights and international conventions cannot be accepted as an accomplished fact. The evidence of Soviet biological and chemical warfare cannot be overlooked in the evaluation of Soviet actions in Afghanistan. We deplore the Soviets use of such weapons and denounce their inhumane treatment of the Afghan people.

As we commemorate the continuing struggle of the Afghan freedom fighters and all people who are resisting Soviet oppression throughout the world, we restate our basic beliefs of liberty and justice for all men.

Again, I commend the sponsors of this resolution and urge the strong support of my colleagues for "Afghanistan Day" as a message to the Afghan people that they are not forgotten, but represent the spirit of all those who seek freedom.●

¹As indicated in footnote 3a, the question of whether petitioner's books clearly reflect income, as required by section 446(b), is not an issue in this case.